EXHIBIT AF

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES INVESTOR PROTECTION CORPORATION, Plaintiff-Applicant, v. BERNARD L. MADOFF INVESTMENT SECURITIES LLC, Defendant.	Adv. Pro. No. 08-1789 (SMB) SIPA LIQUIDATION (Substantively Consolidated)
In re: BERNARD L. MADOFF, Debtor.	
IRVING H. PICARD, Trustee for the Substantively Consolidated SIPA Liquidation of Bernard L. Madoff Investment Securities LLC and BERNARD L. MADOFF, Plaintiff, v. PHILIP F. PALMEDO, Defendants.	Adv. Pro. No. 10-04749 (SMB)

DECLARATION OF STEVEN ALBANESE CPA

1. I am a Certified Public Accountant. My Office address is 348 Main Street, East Setauket, NY 11733.

2. The focus of my practice is the preparation of federal and state tax returns for individuals, trusts, partnerships, LLC's, estates and small businesses.

3. Since on or before January 1, 1995, through the present date, I have performed tax preparation services for Philip F. Palmedo.

4. My tax services have included the preparation of tax returns for Philip F. Palmedo.

5. In order to prepare Exhibit A, I utilized the annual Madoff statements of income to determine to the best of my knowledge the total income received and the total taxes paid. Since being retained by Philip F. Palmedo in 1995, his income tax bracket has been at or near the top of the statutory Federal and New York State. Throughout the years reflected on Exhibit A, I applied that year's maximum statutory income tax rates for both Federal and New York State, which was a reasonable assumption based on my knowledge of his filed tax returns. In addition, every tax year that I filed for Philip F. Palmedo required me to prepare detailed spread sheets of all the Madoff transactions in order to properly complete IRS Schedules B and D of form 1040. Accordingly, to the best of my knowledge, this information is accurate and complete.

6. Exhibit A attached hereto shows that Philip F. Palmedo would have paid $587,607 in total income taxes on reported gains and dividend income from his Madoff investment account for years 1993 through 2007.

7. I am aware that the IRS issued a ruling in 2009 allowing investors in Bernard L. Madoff Investment Securities to file for a refund for the years 2003 and later. Philip F. Palmedo did file an amended return for 2008 based on this ruling, and received refunds from the IRS and New York State of $143,609.

8. Per the analysis reflected in Exhibit A, during the period 1993 through 2007 Philip F. Palmedo reported income resulting from his investment in Bernard L. Madoff Investment Securities totaling $1,311,150 and he paid federal taxes, net of refunds, on this reported income in the estimated amount of $376,912, and New York State taxes, net of the refunds, of $67,086.

9. Exhibit A incorporates the varying tax rates, tax brackets, and taxable income from Bernard L. Madoff Investment Securities. The impact of the alternative minimum tax has not been included, but doing so would not significantly change the analysis. Exhibit A also excludes the impact any adjustment in reported income in one year might make with respect to carryover gains, losses, and itemized deductions in subsequent years.

10. The Statements made herein are true and correct based upon my personal knowledge and the financial information provided to me by Chaitman, LLP for the years 1993 through 2008.

May 22, 2017

Steve Albanese CPA

EXHIBIT A

Palmedo, Philip F. (10-04749)
Account # 1CM142
Schedule of Taxes Paid on Madoff Investment
1993-2008

Year	Account 1CM142-1993-2008	FED Rate	NYS Rate	Federal Taxes	State Taxes	Total Taxes	Tax Refund
1993	33,521	0.3960	0.0788	13,274	2,640	15,914	
1994	38,545	0.3960	0.0788	15,264	3,035	18,299	
1995	48,622	0.3960	0.0759	19,254	3,692	22,947	
1996	68,236	0.3960	0.0713	27,021	4,862	31,883	
1997	89,874	0.3960	0.0685	35,590	6,156	41,746	
1998	104,371	0.3960	0.0685	41,331	7,149	48,480	
1999	116,978	0.3960	0.0685	46,323	8,013	54,336	
2000	92,976	0.3960	0.0685	36,818	6,369	43,187	
2001	105,701	0.3910	0.0685	41,329	7,241	48,570	
2002	110,672	0.3860	0.0685	42,719	7,581	50,300	
2003	95,197	0.3500	0.0750	33,319	7,140	40,459	
2004	79,329	0.3500	0.0770	27,765	6,108	33,873	
2005	83,345	0.3500	0.0770	29,171	6,418	35,588	
2006	123,548	0.3500	0.0685	43,242	8,463	51,705	
2007	120,235	0.3500	0.0685	42,082	8,236	50,318	
	SUBTOTAL			494,504	93,103	587,607	
2008	AMENDED			(117,592)	(26,017)	(143,609)	143,609
Total	1,311,150			376,912	67,086	443,998	143,609

ACCOUNT # 1-CM141-3 GRANTORS TRUST FBO REPORT FOR THE PERIOD FROM 1/04/93 TO 12/31/93

INITIAL INVESTMENT		24,974.59CR
PROFITS UNDER EXPECTED RETURN FOR PREVIOUS YEAR		
ADJUSTMENTS		
CAPITAL ADDITIONS		
CAPITAL WITHDRAWALS		
NET WORKING CAPITAL		24,974.59CR
EXPECTED RATE OF RETURN	16.00 %	
EXPECTED RETURN FOR 362 DAYS		3,963.09CR
CAPITAL GAINS AND LOSSES		3,287.33CR
DIVIDENDS AND INTEREST		277.01CR
REALIZED P/L		3,564.34CR
UNREALIZED P/L		
PROFITS WITHDRAWN		
OVER/UNDER EXPECTED RETURN FOR CURRENT YEAR		398.75-
CURRENT CASH BALANCE		.43CR
NET MARKET VALUE OF OPEN SECURITIES POSITIONS		28,538.50
TOTAL EQUITY		28,538.93CR
PRIOR YEAR END EQUITY		
ANNUALIZED RETURN FOR CURRENT YEAR	14.39 %	
PROJECTED ANNUALIZED RATE OF RETURN	14.43 %	
BUYING POWER 29 OVER/UNDER		

ACCOUNT # 1-CM142-3 PHILIP F PALMEDO REPORT FOR THE PERIOD FROM 1/04/93 TO 12/31/93

INITIAL INVESTMENT		192,270.99CR
PROFITS UNDER EXPECTED RETURN FOR PREVIOUS YEAR		
ADJUSTMENTS		
CAPITAL ADDITIONS		25,000.00CR
CAPITAL WITHDRAWALS		
NET WORKING CAPITAL		217,270.99CR
EXPECTED RATE OF RETURN	16.00 %	
EXPECTED RETURN FOR 362 DAYS		33,524.21CR
CAPITAL GAINS AND LOSSES		28,471.21CR
DIVIDENDS AND INTEREST		5,050.09CR
REALIZED P/L		33,521.30CR
UNREALIZED P/L		
PROFITS WITHDRAWN		
OVER/UNDER EXPECTED RETURN FOR CURRENT YEAR		2.91-
CURRENT CASH BALANCE		.79CR
NET MARKET VALUE OF OPEN SECURITIES POSITIONS		250,791.50
TOTAL EQUITY		250,792.29CR
PRIOR YEAR END EQUITY		
ANNUALIZED RETURN FOR CURRENT YEAR	15.99 %	
PROJECTED ANNUALIZED RATE OF RETURN	16.03 %	
BUYING POWER 251 OVER/UNDER		

ACCOUNT # 1-CM142-3 PHILIP F PALMEDO REPORT FOR THE PERIOD FROM 1/01/94 TO 12/31/94

INITIAL INVESTMENT		250,795.20CR
PROFITS UNDER EXPECTED RETURN FOR PREVIOUS YEAR		2.91
ADJUSTMENTS		
CAPITAL ADDITIONS		
CAPITAL WITHDRAWALS		
NET WORKING CAPITAL		250,795.20CR
EXPECTED RATE OF RETURN	16.00 %	
EXPECTED RETURN FOR 365 DAYS		40,127.23CR
CAPITAL GAINS AND LOSSES		31,762.91CR
DIVIDENDS AND INTEREST		6,781.60CR
REALIZED P/L		38,544.51CR
UNREALIZED P/L		
PROFITS WITHDRAWN		
OVER/UNDER EXPECTED RETURN FOR CURRENT YEAR		1,582.72-
CURRENT CASH BALANCE		.80CR
NET MARKET VALUE OF OPEN SECURITIES POSITIONS		289,336.00
TOTAL EQUITY		289,336.80CR
PRIOR YEAR END EQUITY	250,792.29CR	
ANNUALIZED RETURN FOR CURRENT YEAR	15.36 %	
PROJECTED ANNUALIZED RATE OF RETURN	15.32 %	
BUYING POWER 289 OVER/UNDER	2-	

ACCOUNT # 1-CM143-3 ROSE LERNER PARKER REPORT FOR THE PERIOD FROM 1/01/94 TO 12/31/94

INITIAL INVESTMENT		394,480.75CR
PROFITS IN EXCESS OF EXPECTED RETURN FOR PREVIOUS YEAR		1,238.61-
ADJUSTMENTS		
CAPITAL ADDITIONS		105,000.00CR
CAPITAL WITHDRAWALS		
NET WORKING CAPITAL		499,480.75CR
EXPECTED RATE OF RETURN	16.00 %	
EXPECTED RETURN FOR 365 DAYS		69,797.47CR
CAPITAL GAINS AND LOSSES		54,525.23CR
DIVIDENDS AND INTEREST		11,497.36CR
REALIZED P/L		66,022.59CR
UNREALIZED P/L		
PROFITS WITHDRAWN		
OVER/UNDER EXPECTED RETURN FOR CURRENT YEAR		3,774.88-
CURRENT CASH BALANCE		.95CR
NET MARKET VALUE OF OPEN SECURITIES POSITIONS		566,741.00
TOTAL EQUITY		566,741.95CR
PRIOR YEAR END EQUITY	395,719.36CR	
ANNUALIZED RETURN FOR CURRENT YEAR	15.09 %	
PROJECTED ANNUALIZED RATE OF RETURN	15.05 %	
BUYING POWER 567 OVER/UNDER	3-	

ACCOUNT # 1-CM142-3 PHILIP F PALMEDO REPORT FOR THE PERIOD FROM 1/01/95 TO 12/31/95

INITIAL INVESTMENT		290,922.43CR
PROFITS UNDER EXPECTED RETURN FOR PREVIOUS YEAR		1,585.63
ADJUSTMENTS		
CAPITAL ADDITIONS		50,000.00CR
CAPITAL WITHDRAWALS		
NET WORKING CAPITAL		340,922.43CR
EXPECTED RATE OF RETURN	16.00 %	
EXPECTED RETURN FOR 365 DAYS		46,810.61CR
CAPITAL GAINS AND LOSSES		41,117.99CR
DIVIDENDS AND INTEREST		7,504.45CR
REALIZED P/L		48,622.44CR
UNREALIZED P/L		
PROFITS WITHDRAWN		
OVER/UNDER EXPECTED RETURN FOR CURRENT YEAR		1,811.83
CURRENT CASH BALANCE		.24CR
NET MARKET VALUE OF OPEN SECURITIES POSITIONS		387,959.00
TOTAL EQUITY		387,959.24CR
PRIOR YEAR END EQUITY	289,336.80CR	
ANNUALIZED RETURN FOR CURRENT YEAR	16.70 %	
PROJECTED ANNUALIZED RATE OF RETURN	16.61 %	
BUYING POWER 388 OVER/UNDER		

ACCOUNT # 1-CM142-3 PHILIP F PALMEDO REPORT FOR THE PERIOD FROM 1/01/96 TO 12/31/96

INITIAL INVESTMENT		387,733.04CR
PROFITS IN EXCESS OF EXPECTED RETURN FOR PREVIOUS YEAR		226.20-
ADJUSTMENTS		
CAPITAL ADDITIONS		
CAPITAL WITHDRAWALS		
NET WORKING CAPITAL		387,733.04CR
EXPECTED RATE OF RETURN	16.00 %	
EXPECTED RETURN FOR 366 DAYS		62,207.26CR
CAPITAL GAINS AND LOSSES		61,009.64CR
DIVIDENDS AND INTEREST		7,226.59CR
REALIZED P/L		68,236.23CR
UNREALIZED P/L		
PROFITS WITHDRAWN		
OVER/UNDER EXPECTED RETURN FOR CURRENT YEAR		6,028.97
CURRENT CASH BALANCE		.47CR
NET MARKET VALUE OF OPEN SECURITIES POSITIONS		456,195.00
TOTAL EQUITY		456,195.47CR
PRIOR YEAR END EQUITY	387,959.24CR	
ANNUALIZED RETURN FOR CURRENT YEAR	17.54 %	
PROJECTED ANNUALIZED RATE OF RETURN	17.49 %	
BUYING POWER 456 OVER/UNDER	6	

ACCOUNT # 1-CM142-3 PHILIP F PALMEDO REPORT FOR THE PERIOD FROM 1/01/97 TO 12/31/97

INITIAL INVESTMENT		449,940.30CR
PROFITS IN EXCESS OF BENCHMARK RETURN FOR PREVIOUS YEAR		6,255.17-
ADJUSTMENTS		
CAPITAL ADDITIONS		
CAPITAL WITHDRAWALS		
NET WORKING CAPITAL		449,940.30CR
BENCHMARK RATE OF RETURN	16.00 %	
BENCHMARK RETURN FOR 365 DAYS		71,990.45CR
CAPITAL GAINS AND LOSSES		84,857.73CR
DIVIDENDS AND INTEREST		5,016.16CR
REALIZED P/L		89,873.89CR
UNREALIZED P/L		
PROFITS WITHDRAWN		
OVER/UNDER BENCHMARK RETURN FOR CURRENT YEAR		17,883.44
CURRENT CASH BALANCE		.36CR
NET MARKET VALUE OF OPEN SECURITIES POSITIONS		546,069.00
TOTAL EQUITY		546,069.36CR
PRIOR YEAR END EQUITY	456,195.47CR	
ANNUALIZED RETURN FOR CURRENT YEAR	19.70 %	
PROJECTED ANNUALIZED RATE OF RETURN	19.65 %	
BUYING POWER 546 OVER/UNDER	24	

ACCOUNT # 1-CM142-3 PHILIP F PALMEDO REPORT FOR THE PERIOD FROM 1/01/98 TO 12/31/98

INITIAL INVESTMENT		521,930.75CR
PROFITS IN EXCESS OF BENCHMARK RETURN FOR PREVIOUS YEAR		24,138.61-
ADJUSTMENTS		
CAPITAL ADDITIONS		
CAPITAL WITHDRAWALS		60,000.00
NET WORKING CAPITAL		461,930.75CR
BENCHMARK RATE OF RETURN	16.00 %	
BENCHMARK RETURN FOR 365 DAYS		81,615.22CR
CAPITAL GAINS AND LOSSES		100,533.85CR
DIVIDENDS AND INTEREST		3,836.65CR
REALIZED P/L		104,370.50CR
UNREALIZED P/L		
PROFITS WITHDRAWN		
OVER/UNDER BENCHMARK RETURN FOR CURRENT YEAR		22,755.28
CURRENT CASH BALANCE		590,439.86CR
NET MARKET VALUE OF OPEN SECURITIES POSITIONS		
TOTAL EQUITY		590,439.86CR
PRIOR YEAR END EQUITY	546,069.36CR	
ANNUALIZED RETURN FOR CURRENT YEAR	19.53 %	
PROJECTED ANNUALIZED RATE OF RETURN	19.48 %	
BUYING POWER 1,181 OVER/UNDER	47	

ACCOUNT # 1-CM142-3 PHILIP F PALMEDO REPORT FOR THE PERIOD FROM 1/01/99 TO 12/31/99

INITIAL INVESTMENT		543,545.97CR
PROFITS IN EXCESS OF BENCHMARK RETURN FOR PREVIOUS YEAR		46,893.89-
ADJUSTMENTS		
CAPITAL ADDITIONS		
CAPITAL WITHDRAWALS		
NET WORKING CAPITAL		543,545.97CR
BENCHMARK RATE OF RETURN	16.00 %	
BENCHMARK RETURN FOR 365 DAYS		86,967.36CR
CAPITAL GAINS AND LOSSES		113,057.62CR
DIVIDENDS AND INTEREST		3,920.87CR
REALIZED P/L		116,978.49CR
UNREALIZED P/L		
PROFITS WITHDRAWN		
OVER/UNDER BENCHMARK RETURN FOR CURRENT YEAR		30,011.13
CURRENT CASH BALANCE		.35CR
NET MARKET VALUE OF OPEN SECURITIES POSITIONS		707,418.00
TOTAL EQUITY		707,418.35CR
PRIOR YEAR END EQUITY	590,439.86CR	
ANNUALIZED RETURN FOR CURRENT YEAR	19.81 %	
PROJECTED ANNUALIZED RATE OF RETURN	19.70 %	
BUYING POWER 707 OVER/UNDER	77	

ACCOUNT # 1-CM142-3 PHILIP F PALMEDO REPORT FOR THE PERIOD FROM 1/01/00 TO 12/31/00

INITIAL INVESTMENT		630,513.33CR
PROFITS IN EXCESS OF BENCHMARK RETURN FOR PREVIOUS YEAR		76,905.02-
ADJUSTMENTS		
CAPITAL ADDITIONS		
CAPITAL WITHDRAWALS		50,000.00
NET WORKING CAPITAL		580,513.33CR
BENCHMARK RATE OF RETURN	16.00 %	
BENCHMARK RETURN FOR 366 DAYS		95,700.99CR
CAPITAL GAINS AND LOSSES		89,746.69CR
DIVIDENDS AND INTEREST		3,229.23CR
REALIZED P/L		92,975.92CR
UNREALIZED P/L		
PROFITS WITHDRAWN		
OVER/UNDER BENCHMARK RETURN FOR CURRENT YEAR		2,725.07-
CURRENT CASH BALANCE		.27CR
NET MARKET VALUE OF OPEN SECURITIES POSITIONS		750,394.00
TOTAL EQUITY		750,394.27CR
PRIOR YEAR END EQUITY	707,418.35CR	
ANNUALIZED RETURN FOR CURRENT YEAR	13.76 %	
PROJECTED ANNUALIZED RATE OF RETURN	13.72 %	
BUYING POWER 750 OVER/UNDER	74	

ACCOUNT # 1-CM142-3 PHILIP F PALMEDO REPORT FOR THE PERIOD FROM 1/01/01 TO 12/31/01

INITIAL INVESTMENT		676,214.32CR
PROFITS IN EXCESS OF BENCHMARK RETURN FOR PREVIOUS YEAR		74,179.95-
ADJUSTMENTS		
CAPITAL ADDITIONS		
CAPITAL WITHDRAWALS		50,000.00
NET WORKING CAPITAL		626,214.32CR
BENCHMARK RATE OF RETURN	16.00 %	
BENCHMARK RETURN FOR 365 DAYS		107,492.92CR
CAPITAL GAINS AND LOSSES		101,490.14CR
DIVIDENDS AND INTEREST		4,211.18CR
REALIZED P/L		105,701.32CR
UNREALIZED P/L		
PROFITS WITHDRAWN		
OVER/UNDER BENCHMARK RETURN FOR CURRENT YEAR		1,791.60-
CURRENT CASH BALANCE		806,095.59CR
NET MARKET VALUE OF OPEN SECURITIES POSITIONS		
TOTAL EQUITY		806,095.59CR
PRIOR YEAR END EQUITY	750,394.27CR	
ANNUALIZED RETURN FOR CURRENT YEAR	14.16 %	
PROJECTED ANNUALIZED RATE OF RETURN	14.12 %	
BUYING POWER 1,612 OVER/UNDER	72	

ACCOUNT # 1-CM142-3 PHILIP F PALMEDO REPORT FOR THE PERIOD FROM 1/01/02 TO 12/31/02

INITIAL INVESTMENT		733,707.24CR
PROFITS IN EXCESS OF BENCHMARK RETURN FOR PREVIOUS YEAR		72,982.40-
ADJUSTMENTS		
CAPITAL ADDITIONS		
CAPITAL WITHDRAWALS		
NET WORKING CAPITAL		733,707.24CR
BENCHMARK RATE OF RETURN	16.00 %	
BENCHMARK RETURN FOR 365 DAYS		117,393.16CR
CAPITAL GAINS AND LOSSES		104,756.52CR
DIVIDENDS AND INTEREST		5,915.28CR
REALIZED P/L		110,671.80CR
UNREALIZED P/L		
PROFITS WITHDRAWN		
OVER/UNDER BENCHMARK RETURN FOR CURRENT YEAR		6,721.36-
CURRENT CASH BALANCE		.94CR
NET MARKET VALUE OF OPEN SECURITIES POSITIONS		917,360.50
TOTAL EQUITY		917,361.44CR
PRIOR YEAR END EQUITY	806,689.64CR	
ANNUALIZED RETURN FOR CURRENT YEAR	13.71 %	
PROJECTED ANNUALIZED RATE OF RETURN	13.64 %	
BUYING POWER 917 OVER/UNDER	66	

ACCOUNT # 1-CM142-3 PHILIP F PALMEDO REPORT FOR THE PERIOD FROM 1/01/03 TO 12/31/03

INITIAL INVESTMENT		851,100.40CR
PROFITS IN EXCESS OF BENCHMARK RETURN FOR PREVIOUS YEAR		66,261.04-
ADJUSTMENTS		
CAPITAL ADDITIONS		
CAPITAL WITHDRAWALS		250,000.00
NET WORKING CAPITAL		601,100.40CR
BENCHMARK RATE OF RETURN	16.00 %	
BENCHMARK RETURN FOR 365 DAYS		131,682.91CR
CAPITAL GAINS AND LOSSES		85,558.99CR
DIVIDENDS AND INTEREST		9,637.54CR
REALIZED P/L		95,196.53CR
UNREALIZED P/L		
PROFITS WITHDRAWN		
OVER/UNDER BENCHMARK RETURN FOR CURRENT YEAR		36,486.38-
CURRENT CASH BALANCE		.47CR
NET MARKET VALUE OF OPEN SECURITIES POSITIONS		762,557.50
TOTAL EQUITY		762,557.97CR
PRIOR YEAR END EQUITY	917,361.44CR	
ANNUALIZED RETURN FOR CURRENT YEAR	10.70 %	
PROJECTED ANNUALIZED RATE OF RETURN	10.64 %	
BUYING POWER 763 OVER/UNDER	30	

ACCOUNT # 1-CM142-3 PHILIP F PALMEDO REPORT FOR THE PERIOD FROM 1/01/04 TO 12/31/04

INITIAL INVESTMENT		732,783.31CR
PROFITS IN EXCESS OF BENCHMARK RETURN FOR PREVIOUS YEAR		29,774.66-
ADJUSTMENTS		
CAPITAL ADDITIONS		
CAPITAL WITHDRAWALS		
NET WORKING CAPITAL		732,783.31CR
BENCHMARK RATE OF RETURN	16.00 %	
BENCHMARK RETURN FOR 366 DAYS		117,566.55CR
CAPITAL GAINS AND LOSSES		66,317.74CR
DIVIDENDS AND INTEREST		13,010.98CR
REALIZED P/L		79,328.72CR
UNREALIZED P/L		
PROFITS WITHDRAWN		
OVER/UNDER BENCHMARK RETURN FOR CURRENT YEAR		38,237.83-
CURRENT CASH BALANCE		.69CR
NET MARKET VALUE OF OPEN SECURITIES POSITIONS		841,886.00
TOTAL EQUITY		841,886.69CR
PRIOR YEAR END EQUITY	762,557.97CR	
ANNUALIZED RETURN FOR CURRENT YEAR	10.37 %	
PROJECTED ANNUALIZED RATE OF RETURN	10.34 %	
BUYING POWER 842 OVER/UNDER	8-	

ACCOUNT # 1-CM142-3 PHILIP F PALMEDO REPORT FOR THE PERIOD FROM 1/01/05 TO 12/31/05

INITIAL INVESTMENT		850,349.86CR
PROFITS UNDER BENCHMARK RETURN FOR PREVIOUS YEAR		8,463.17
ADJUSTMENTS		
CAPITAL ADDITIONS		
CAPITAL WITHDRAWALS		
NET WORKING CAPITAL		850,349.86CR
BENCHMARK RATE OF RETURN	16.00 %	
BENCHMARK RETURN FOR 365 DAYS		136,055.98CR
CAPITAL GAINS AND LOSSES		73,646.42CR
DIVIDENDS AND INTEREST		9,698.70CR
REALIZED P/L		83,345.12CR
UNREALIZED P/L		
PROFITS WITHDRAWN		
OVER/UNDER BENCHMARK RETURN FOR CURRENT YEAR		52,710.86-
CURRENT CASH BALANCE		.81CR
NET MARKET VALUE OF OPEN SECURITIES POSITIONS		925,231.00
TOTAL EQUITY		925,231.81CR
PRIOR YEAR END EQUITY	841,886.69CR	
ANNUALIZED RETURN FOR CURRENT YEAR	9.89 %	
PROJECTED ANNUALIZED RATE OF RETURN	9.86 %	
BUYING POWER 925 OVER/UNDER	61-	

ACCOUNT # 1-CM142-3 PHILIP F PALMEDO REPORT FOR THE PERIOD FROM 1/01/06 TO 12/31/06

INITIAL INVESTMENT		986,405.84CR
PROFITS UNDER BENCHMARK RETURN FOR PREVIOUS YEAR		61,174.03
ADJUSTMENTS		
CAPITAL ADDITIONS		
CAPITAL WITHDRAWALS		
NET WORKING CAPITAL		986,405.84CR
BENCHMARK RATE OF RETURN	16.00 %	
BENCHMARK RETURN FOR 365 DAYS		157,824.93CR
CAPITAL GAINS AND LOSSES		104,754.02CR
DIVIDENDS AND INTEREST		18,793.72CR
REALIZED P/L		123,547.74CR
UNREALIZED P/L		
PROFITS WITHDRAWN		
OVER/UNDER BENCHMARK RETURN FOR CURRENT YEAR		34,277.19-
CURRENT CASH BALANCE		.05CR
NET MARKET VALUE OF OPEN SECURITIES POSITIONS		1,048,779.50
TOTAL EQUITY		1,048,779.55CR
PRIOR YEAR END EQUITY	925,231.81CR	
ANNUALIZED RETURN FOR CURRENT YEAR	13.35 %	
PROJECTED ANNUALIZED RATE OF RETURN	13.31 %	
BUYING POWER 1,049 OVER/UNDER	95-	

ACCOUNT # 1-CM142-3 PHILIP F PALMEDO REPORT FOR THE PERIOD FROM 1/01/07 TO 12/31/07

INITIAL INVESTMENT		1,144,230.77CR
PROFITS UNDER BENCHMARK RETURN FOR PREVIOUS YEAR		95,451.22
ADJUSTMENTS		
CAPITAL ADDITIONS		
CAPITAL WITHDRAWALS		
NET WORKING CAPITAL		1,144,230.77CR
BENCHMARK RATE OF RETURN	16.00 %	
BENCHMARK RETURN FOR 365 DAYS		183,076.92CR
CAPITAL GAINS AND LOSSES		108,288.32CR
DIVIDENDS AND INTEREST		11,946.86CR
REALIZED P/L		120,235.18CR
UNREALIZED P/L		
PROFITS WITHDRAWN		
OVER/UNDER BENCHMARK RETURN FOR CURRENT YEAR		62,841.74-
CURRENT CASH BALANCE		.98CR
NET MARKET VALUE OF OPEN SECURITIES POSITIONS		1,169,013.75
TOTAL EQUITY		1,169,014.73CR
PRIOR YEAR END EQUITY	1,048,779.55CR	
ANNUALIZED RETURN FOR CURRENT YEAR	11.46 %	
PROJECTED ANNUALIZED RATE OF RETURN	11.43 %	
BUYING POWER 1,169 OVER/UNDER	158-	

ACCOUNT # 1-CM142-3 PHILIP F PALMEDO REPORT FOR THE PERIOD FROM 1/01/08 TO 12/16/08

INITIAL INVESTMENT		1,327,307.69CR
PROFITS UNDER BENCHMARK RETURN FOR PREVIOUS YEAR		158,292.96
ADJUSTMENTS		
CAPITAL ADDITIONS		
CAPITAL WITHDRAWALS		600,000.00
NET WORKING CAPITAL		727,307.69CR
BENCHMARK RATE OF RETURN	16.00 %	
BENCHMARK RETURN FOR 335 DAYS		144,152.58CR
CAPITAL GAINS AND LOSSES		123,457.91CR
DIVIDENDS AND INTEREST		6,894.62CR
REALIZED P/L		130,352.53CR
UNREALIZED P/L		32,334.86
PROFITS WITHDRAWN		
OVER/UNDER BENCHMARK RETURN FOR CURRENT YEAR		46,134.91-
CURRENT CASH BALANCE		.84CR
NET MARKET VALUE OF OPEN SECURITIES POSITIONS		667,031.56
TOTAL EQUITY		667,032.40CR
PRIOR YEAR END EQUITY	1,169,014.73CR	
ANNUALIZED RETURN FOR CURRENT YEAR	12.97 %	
PROJECTED ANNUALIZED RATE OF RETURN	11.84 %	
BUYING POWER 667 OVER/UNDER	204-	

Department of the Treasury -- Internal Revenue Service

Form 1040 U.S. Individual Income Tax Return 1999

(99) IRS Use Only -- Do not write or staple in this space.

For the year Jan. 1-Dec. 31, 1999, or other tax year beginning , 1999, ending

OMB No. 1545-0074

Use the IRS label. Otherwise, please print or type. LABEL HERE

PHILIP PALMEDO
ELISABETH PALMEDO
4 PIPER LANE
ST JAMES, NY 11780

Your social security number [illegible]

▲ You **must** enter your SSN(s). ▲

Presidential Election Campaign ▶ Do you want $3 to go to this fund?
If a joint return, does your spouse want $3 to go to this fund?

Yes | No — **Note:** Checking "Yes" will not change your tax or reduce your refund.

Filing Status

Check only one box.

1 [ ] Single
2 [X] Married filing joint return (even if only one had income)
3 [ ] Married filing separate return. Enter spouse's SSN above & full name here. ▶
4 [ ] Head of household (with qualifying person). (See inst.) If the qualifying person is a child but not your dependent, enter child's name here. ▶
5 [ ] Qualifying widow(er) with dependent child (yr. spouse died ▶ 19). (See instructions.)

Exemptions

6a [X] **Yourself.** If your parent (or someone else) can claim you as a dependent on his or her tax return, **do not** check box 6a.

b [X] **Spouse**

No. of boxes checked on 6a and 6b: 2

c **Dependents:** If more than six dependents, see instructions.

(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) √ if qualifying child for child tax credit (see inst.)

No. of your children on 6c who:
● lived with you
● did not live with you due to divorce or separation (see inst.)
Dependents on 6c not entered above

d Total number of exemptions claimed — Add numbers entered on lines above ▶ 2

Income

Attach Copy B of your Forms W-2 and W-2G here. Also attach Form 1099-R if tax was withheld.

If you did not get a W-2, see instructions

Enclose, but do not staple, any payment. Also, please use Form 1040-V.

7	Wages, salaries, tips, etc. Attach Form(s) W-2	7	11,704.
8a	**Taxable** interest. Attach Schedule B if required	8a	131,731.
b	**Tax-exempt** interest. DO NOT include on line 8a — 8b 128.		
9	Ordinary dividends. Attach Schedule B if required	9	76,772.
10	Taxable refunds, credits, or offsets of state and local income taxes (see instructions)	10	
11	Alimony received	11	
12	Business income or (loss). Attach Schedule C or C-EZ	12	20,500.
13	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ [ ]	13	371,345.
14	Other gains or (losses). Attach Form 4797	14	
15a	Total IRA distributions 15a — b Taxable amount (see inst.)	15b	
16a	Total pensions and annuities 16a — b Taxable amount (see inst.)	16b	
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	(62,621)
18	Farm income or (loss). Attach Schedule F	18	
19	Unemployment compensation	19	
20a	Social security benefits 20a — b Taxable amount (see inst.)	20b	
21	Other income.	21	
22	Add the amounts in the far right column for lines 7 through 21. This is your **total income** ▶	22	549,431.

Adjusted Gross Income

23	IRA deduction (see instructions)	23	
24	Student loan interest deduction (see instructions)	24	
25	Medical savings account deduction. Attach Form 8853	25	
26	Moving expenses. Attach Form 3903	26	
27	One-half of self-employment tax. Attach Schedule SE	27	
28	Self-employed health insurance deduction (see inst.)	28	
29	Keogh and self-employed SEP and SIMPLE plans	29	
30	Penalty on early withdrawal of savings	30	
31a	Alimony paid b Recipient's SSN ▶	31a	
32	Add lines 23 through 31a	32	0.
33	Subtract line 32 from line 22. This is your **adjusted gross income** ▶	33	549,431.

Tax and Credits

34 Amount from line 33 (adjusted gross income) — 34: 549,431.

35a Check if: [X] You were 65/older, [ ] Blind; [ ] Spouse was 65 or older, [ ] Blind. Add the number of boxes checked above and enter the total here ▶ 35a: 1

b If you are married filing separately and your spouse itemizes deductions or you were a dual-status alien, see instructions and check here ▶ 35b [ ]

Standard Deduction for Most People
Single: $4,300
Head of household: $6,350
Married filing jointly or Qualifying widow(er): $7,200
Married filing separately: $3,600

36 Enter your **itemized deductions** from Schedule A, line 28, **OR standard deduction** shown on the left. **But** see instructions to find your standard deduction if you checked any box on line 35a or 35b **or** if someone can claim you as a dependent — 36: 104,173.

37 Subtract line 36 from line 34 — 37: 445,258.

38 If line 34 is $94,975 or less, multiply $2,750 by the total number of exemptions claimed on line 6d. If line 34 is over $94,975, see the worksheet in the instructions for the amount to enter — 38: 0.

39 **Taxable income.** Subtract line 38 from line 37. If line 38 is more than line 37, enter -0- — 39: 445,258.

40 **Tax** (see inst.). Check if any tax is from a [ ] Form(s) 8814 b [ ] Form 4972 ▶ — 40: 93,069.

41 Credit for child & dependent care expenses. Attach Form 2441 — 41

42 Credit for the elderly or the disabled. Attach Schedule R — 42

43 Child tax credit (see instructions) — 43

44 Education credits. Attach Form 8863 — 44

45 Adoption credit. Attach Form 8839 — 45

46 Foreign tax credit. Attach Form 1116 if required — 46: 443.

47 Other. Check if from a [ ] Form 3800 b [ ] Form 8396 c [ ] Form 8801 d [ ] Form — 47

48 Add lines 41 through 47. These are your **total credits** — 48: 443.

49 Subtract line 48 from line 40. If line 48 is more than line 40, enter -0- ▶ — 49: 92,626.

Other Taxes

50 Self-employment tax. Attach Schedule SE — 50

51 Alternative minimum tax. Attach Form 6251 — 51: 16,017.

52 Social security and Medicare tax on tip income not reported to employer. Attach Form 4137 — 52

53 Tax on IRAs, other retirement plans, and MSAs. Attach Form 5329 if required — 53

54 Advance earned income credit payments from Form(s) W-2 — 54

55 Household employment taxes. Attach Schedule H — 55

56 Add lines 49 through 55. This is your **total tax** ▶ — 56: 108,643.

Payments

57 Federal income tax withheld from Forms W-2 and 1099 — 57: 2,745.

58 1999 estimated tax payments & amt. applied from 1998 return — 58: 118,400.

59a **Earned income credit.** Attach Sch. EIC if you have a qualifying child — 59a

b Nontaxable earned income: amt. ▶ & type ▶

60 Additional child tax credit. Attach Form 8812 — 60

61 Amount paid with request for extension to file (see instructions) — 61

62 Excess social security and RRTA tax withheld (see instructions) — 62

63 Other payments. Check if from a [ ] Form 2439 b [ ] Form 4136 — 63

64 Add lines 57, 58, 59a, and 60 through 63. These are your **total payments** ▶ — 64: 121,145.

Refund

65 If line 64 is more than line 56, subtract line 56 from line 64. This is the amount you **OVERPAID** — 65: 12,502.

Have it directly deposited! See inst. and fill in 66b, 66c, and 66d.

66a Amount of line 65 you want **REFUNDED TO YOU** ▶ — 66a

▶ b Routing no. ▶ c Type: [ ] Checking [ ] Savings

▶ d Account no.

67 Amt. of line 65 you want **APPLIED TO YOUR 2000 EST. TAX** ▶ — 67: 12,502.

Amount You Owe

68 If line 56 is more than line 64, subtract line 64 from line 56. This is the **AMOUNT YOU OWE**. For details on how to pay, see instructions ▶ — 68

69 Estimated tax penalty. Also include on line 68 — 69

Sign Here

Joint return? See instructions. Keep a copy for your records.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature | Date | Your occupation: CONSULTANT | Daytime telephone number (optional) ( ) -

Spouse's signature. If a joint return, BOTH must sign. | Date | Spouse's occupation: H/W

Paid Preparer's Use Only

Preparer's signature ▶ | Date: 10-11-00 | Check if self-employed [ ] | REDACTED

Firm's name (or yours if self-employed) and address ▶ SINI & REEVES, P.C. 348 Main Street (Rt 25a) E. Setauket, N.Y. | ZIP code: 11733

CAA 9 104012 NTF 22600

Preparers Edition Form **1040** (1999)

PHILIP F PALMEDO

Important - Tax Information
Bernard L. Madoff Investment Securities
Trading Accounts # CM142 -3 -0 & CM142 -4 -0
For the Period: 01/01/99 - 12/31/99

	Proceeds	Cost	Total Gain/(Loss)	Reconciliation of Total Gain/(Loss): Short-Term Gain/(Loss)	Reconciliation of Total Gain/(Loss): Long-Term Gain/(Loss)
Capital gains/(losses):					
Stocks	$ 3,685,622.06	$ 3,550,556.25	$ 135,065.81	$ 135,065.81	$ 0.00
Treasury Bill Activity	5,044,216.00	5,044,216.00	0.00	0.00	0.00
Totals per Form 1099	$ 8,729,838.06	$ 8,594,772.25	$ 135,065.81	$ 135,065.81	$ 0.00
**** *Options*	142,364.25	179,716.50	(37,352.25)	(14,940.90)	(22,411.35)
Fidelity Cash Reserves activity	338,423.00	338,423.00	0.00	0.00	0.00
Total	$ 9,210,625.31	$ 9,112,911.75	$ 97,713.56	$ 120,124.91	$ (22,411.35)

Dividend Income:	*Ordinary Dividends*	$ 3,027.59
	US Treasury Dividends	893.25
		3,920.84
Interest Income:		
	U.S. Treasury bills:	$ 15,344.00

**** *Report on IRS Form 6781, "Gains and Losses from Section 1256 Contracts and Straddles"*

PALMEDO-ALBANESE 000019

PHILIP F PALMEDO

Trading Accounts # CM142 -3 -0 & CM142 -4 -0
Gain/(loss) on sale of Securities
For the Period : 1/01/99 - 12/31/99

STOCKS	DATE BOUGHT	# OF SHARES	COST	DATE SOLD	SELLING PRICE	NET GAIN OR (LOSS)
MOBIL CORP	17-Nov-99	108	10,766.25	24-Nov-99	11,326.50	560.25
MERCK & CO	17-Nov-99	324	24,381.00	24-Nov-99	25,697.25	1,316.25
MICROSOFT CORP	17-Nov-99	702	61,644.38	24-Nov-99	60,328.13	(1,316.25)
AMERICAN INTL GROUP INC	17-Nov-99	207	22,330.13	24-Nov-99	22,692.38	362.25
BANC ONE CORP	17-Nov-99	162	5,670.00	24-Nov-99	5,913.00	243.00
TOTAL:			$ 3,550,556.25		$ 3,685,622.06	$ 135,065.81

PALMEDO-ALBANESE 000020

PHILIP F PALMEDO

Trading Accounts # CM142 -3 -0 & CM142 -4 -0
Gain/(loss) on Sale of Securities
For the Period : 1/01/99 - 12/31/99

SECTION 1256 CONTRACTS		DATE BOUGHT	# OF SHARES	COST	DATE SOLD	SELLING PRICE	NET GAIN OR (LOSS)	SHORT-TERM GAIN OR (LOSS)	LONG-TERM GAIN OR (LOSS)
S&P 100 INDEX	02/630	11-Feb-99	9	$ 2,371.50	20-Feb-98	$ 17,316.00	$ 14,944.50	$ 5,977.80	$ 8,966.70
S&P 100 INDEX	02/620	21-Jan-99	9	11,709.00	22-Feb-99	3,141.00	(8,568.00)	(3,427.20)	(5,140.80)
S&P 100 INDEX	02/630	22-Feb-99	9	0.00	12-Feb-99	5,841.00	5,841.00	2,336.40	3,504.60
S&P 100 INDEX	03/610	04-Mar-99	9	10,359.00	22-Mar-99	0.00	(10,359.00)	(4,143.60)	(6,215.40)
S&P 100 INDEX	03/620	18-Mar-99	9	27,792.00	05-Mar-99	11,691.00	(16,101.00)	(6,440.40)	(9,660.60)
S&P 100 INDEX	03/650	18-Mar-99	9	2,709.00	22-Mar-99	272.25	(2,436.75)	(974.70)	(1,462.05)
S&P 100 INDEX	05/670	03-May-99	9	9,009.00	24-May-99	2,466.00	(6,543.00)	(2,617.20)	(3,925.80)
S&P 100 INDEX	05/680	24-May-99	9	65.25	04-May-99	12,591.00	12,525.75	5,010.30	7,515.45
S&P 100 INDEX	06/655	15-Jun-99	9	5,634.00	21-Jun-99	0.00	(5,634.00)	(2,253.60)	(3,380.40)
S&P 100 INDEX	06/670	21-Jun-99	9	12,123.00	16-Jun-99	2,691.00	(9,432.00)	(3,772.80)	(5,659.20)
S&P 100 INDEX	07/680	21-Jun-99	9	11,484.00	16-Jul-99	0.00	(11,484.00)	(4,593.60)	(6,890.40)
S&P 100 INDEX	07/690	19-Jul-99	9	39,411.00	22-Jun-99	10,341.00	(29,070.00)	(11,628.00)	(17,442.00)
S&P 100 INDEX	09/690	23-Aug-99	9	11,709.00	20-Sep-99	0.00	(11,709.00)	(4,683.60)	(7,025.40)
S&P 100 INDEX	09/710	20-Sep-99	9	0.00	24-Aug-99	9,891.00	9,891.00	3,956.40	5,934.60
S&P 100 INDEX	10/710	27-Sep-99	9	1,527.75	20-Sep-99	13,041.00	11,513.25	4,605.30	6,907.95
S&P 100 INDEX	10/700	20-Sep-99	9	12,159.00	18-Oct-99	43,425.00	31,266.00	12,506.40	18,759.60
S&P 100 INDEX	10/705	18-Oct-99	9	0.00	28-Sep-99	4,266.00	4,266.00	1,706.40	2,559.60
S&P 100 INDEX	11/730	22-Nov-99	9	17,370.00	15-Nov-99	5,391.00	(11,979.00)	(4,791.60)	(7,187.40)
S&P 100 INDEX	11/720	15-Nov-99	9	4,284.00	22-Nov-99	0.00	(4,284.00)	(1,713.60)	(2,570.40)
TOTAL:				$ 179,716.50		$ 142,364.25	$ (37,352.25)	$ (14,940.90)	$ (22,411.35)

PALMEDO-ALBANESE 000021

PHILIP F PALMEDO

Trading Accounts # CM142 -3 -0 & CM142 -4 -0
Fidelity Cash Reserve Activity
For the Period : 1/01/99 - 12/31/99

	DATE BOUGHT	# OF SHARES	COST	DATE SOLD	SELLING PRICE
US TREASURY MONEY MARKET	31-Dec-98	8,935	$ 8,935.00	21-Jan-99	$ 8,935.00
US TREASURY MONEY MARKET	29-Jan-99	56,737	56,737.00	24-Feb-99	56,737.00
US TREASURY MONEY MARKET	26-Feb-99	8,947	8,947.00	04-Mar-99	8,947.00
US TREASURY MONEY MARKET	31-Mar-99	6,107	6,107.00	14-Apr-99	6,107.00
US TREASURY MONEY MARKET	30-Apr-99	29,371	29,371.00	05-May-99	29,371.00
US TREASURY MONEY MARKET	28-May-99	43,853	43,853.00	15-Jun-99	43,853.00
US TREASURY MONEY MARKET	30-Jun-99	46,887	46,887.00	21-Jul-99	46,887.00
US TREASURY MONEY MARKET	30-Jul-99	71,497	71,497.00	24-Aug-00	71,497.00
US TREASURY MONEY MARKET	31-Aug-99	45,387	45,387.00	30-Sep-99	45,387.00
US TREASURY MONEY MARKET	30-Sep-99	56	56.00	20-Oct-99	56.00
US TREASURY MONEY MARKET	29-Oct-99	3,388	3,388.00	17-Nov-99	3,388.00
US TREASURY MONEY MARKET	30-Nov-99	17,258	17,258.00	31-Dec-99	17,258.00
US TREASURY MONEY MARKET	31-Dec-99	5,166	5,166.00	**OPEN**	
TOTAL:			$ 343,589.00		$ 338,423.00

PALMEDO-ALBANESE 000022

1040 Department of the Treasury—Internal Revenue Service U.S. Individual Income Tax Return 2000

(99) IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2000, or other tax year beginning , 2000, ending , 20 OMB No. 1545-0074

Label (See instructions on page 19.) Use the IRS label. Otherwise, please print or type. LABEL HERE

Your first name and initial	Last name	Your social security number
PHILIP	PALMEDO	
If a joint return, spouse's first name and initial	Last name	Spouse's social security number
ELISABETH	PALMEDO	
Home address (number and street). If you have a P.O. box, see page 19.	Apt. no.	▲ **Important!** ▲ You must enter your SSN(s) above.
4 PIPER LANE		
City, town or post office, state, and ZIP code. If you have a foreign address, see page 19.		
ST JAMES, NY 11780		

Presidential Election Campaign (See page 19.) **Note.** Checking "Yes" will not change your tax or reduce your refund. Do you, or your spouse if filing a joint return, want $3 to go to this fund? ▶ You ☐ Yes ☐ No Spouse ☐ Yes ☐ No

Filing Status

Check only one box.

1 ☐ Single
2 ☒ Married filing joint return (even if only one had income)
3 ☐ Married filing separate return. Enter spouse's social security no. above and full name here. ▶
4 ☐ Head of household (with qualifying person). (See page 19.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶
5 ☐ Qualifying widow(er) with dependent child (year spouse died ▶). (See page 19.)

Exemptions

6a ☒ **Yourself.** If your parent (or someone else) can claim you as a dependent on his or her tax return, **do not** check box 6a

b ☒ **Spouse**

No. of boxes checked on 6a and 6b: 2

c **Dependents:**

If more than six dependents, see page 20.

(1) First name Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) ✓ if qualifying child for child tax credit (see page 20)
			☐
			☐
			☐
			☐
			☐
			☐

No. of your children on 6c who:
- lived with you: 0
- did not live with you due to divorce or separation (see page 20): 0

Dependents on 6c not entered above: 0

d Total number of exemptions claimed — Add numbers entered on lines above ▶ 2

Income

Attach Forms W-2 and W-2G here. Also attach Form(s) 1099-R if tax was withheld.

If you did not get a W-2, see page 21.

Enclose, but do not attach, any payment. Also, please use **Form 1040-V.**

7	Wages, salaries, tips, etc. Attach Form(s) W-2		7	13,963
8a	**Taxable** interest. Attach Schedule B if required		8a	1,485,880
b	**Tax-exempt** interest. **Do not** include on line 8a	8b 1,448		
9	Ordinary dividends. Attach Schedule B if required		9	87,041
10	Taxable refunds, credits, or offsets of state and local income taxes (see page 22)		10	
11	Alimony received		11	
12	Business income or (loss). Attach Schedule C or C-EZ		12	31,625
13	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ ☐		13	864,152
14	Other gains or (losses). Attach Form 4797		14	
15a	Total IRA distributions	15a 680,648 / b Taxable amount (see page 23)	15b	45,802 Rollover
16a	Total pensions and annuities	16a / b Taxable amount (see page 23)	16b	46,618
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E		17	-64,653
18	Farm income or (loss). Attach Schedule F		18	
19	Unemployment compensation		19	
20a	Social security benefits	20a 15,914 / b Taxable amount (see page 25)	20b	13,527
21	Other income. List type and amount (see page 25) FIDUCIARY TRUST CO 04-13		21	107
22	Add the amounts in the far right column for lines 7 through 21. This is your **total income** ▶		22	2,524,062

Adjusted Gross Income

23	IRA deduction (see page 27)	23			
24	Student loan interest deduction (see page 27)	24			
25	Medical savings account deduction. Attach Form 8853	25			
26	Moving expenses. Attach Form 3903	26			
27	One-half of self-employment tax. Attach Schedule SE	27			
28	Self-employed health insurance deduction (see page 29)	28			
29	Self-employed SEP, SIMPLE, and qualified plans	29			
30	Penalty on early withdrawal of savings	30			
31a	Alimony paid b Recipient's SSN ▶	31a			
32	Add lines 23 through 31a			32	0
33	Subtract line 32 from line 22. This is your **adjusted gross income** ▶			33	2,524,062

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 56. Cat. No. 11320B Form **1040** (2000)

Form 1040 (2000) Page 2

Tax and Credits

34	Amount from line 33 (adjusted gross income)			34	2,524,062
35a	Check if: [X] You were 65 or older, [ ] Blind; [X] Spouse was 65 or older, [ ] Blind. Add the number of boxes checked above and enter the total here ▶ 35a	2			
b	If you are married filing separately and your spouse itemizes deductions, or you were a dual-status alien, see page 31 and check here ▶ 35b [ ]				
36	Enter your **itemized deductions** from Schedule A, line 28, **or standard deduction** shown on the left. **But** see page 31 to find your standard deduction if you checked any box on line 35a or 35b **or** if someone can claim you as a dependent			36	227,856
37	Subtract line 36 from line 34			37	2,296,206
38	If line 34 is $96,700 or less, multiply $2,800 by the total number of exemptions claimed on line 6d. If line 34 is over $96,700, see the worksheet on page 32 for the amount to enter			38	0
39	**Taxable income.** Subtract line 38 from line 37. If line 38 is more than line 37, enter -0-			39	2,296,206
40	**Tax** (see page 32). Check if any tax is from a [ ] Form(s) 8814 b [ ] Form 4972			40	753,650
41	Alternative minimum tax. Attach Form 6251			41	
42	Add lines 40 and 41 ▶			42	753,650
43	Foreign tax credit. Attach Form 1116 if required	43	481		
44	Credit for child and dependent care expenses. Attach Form 2441	44			
45	Credit for the elderly or the disabled. Attach Schedule R	45			
46	Education credits. Attach Form 8863	46			
47	Child tax credit (see page 36)	47			
48	Adoption credit. Attach Form 8839	48			
49	Other. Check if from a [ ] Form 3800 b [ ] Form 8396 c [X] Form 8801 d [ ] Form (specify) ______	49	1,128		
50	Add lines 43 through 49. These are your **total credits**			50	1,609
51	Subtract line 50 from line 42. If line 50 is more than line 42, enter -0- ▶			51	752,041

Standard Deduction for Most People
Single: $4,400
Head of household: $6,450
Married filing jointly or Qualifying widow(er): $7,350
Married filing separately: $3,675

Other Taxes

52	Self-employment tax. Attach Schedule SE	52	
53	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137	53	
54	Tax on IRAs, other retirement plans, and MSAs. Attach Form 5329 if required	54	
55	Advance earned income credit payments from Form(s) W-2	55	
56	Household employment taxes. Attach Schedule H	56	
57	Add lines 51 through 56. This is your **total tax** ▶	57	752,041

Payments

If you have a qualifying child, attach Schedule EIC.

58	Federal income tax withheld from Forms W-2 and 1099	58	11,671		
59	2000 estimated tax payments and amount applied from 1999 return	59	116,802		
60a	**Earned income credit (EIC)**	60a			
b	Nontaxable earned income: amount ▶ ______ and type ▶ ______				
61	Excess social security and RRTA tax withheld (see page 50)	61			
62	Additional child tax credit. Attach Form 8812	62			
63	Amount paid with request for extension to file (see page 50)	63	249,402		
64	Other payments. Check if from a [ ] Form 2439 b [ ] Form 4136	64			
65	Add lines 58, 59, 60a, and 61 through 64. These are your **total payments** ▶			65	377,875

Refund

Have it directly deposited! See page 50 and fill in 67b, 67c, and 67d.

66	If line 65 is more than line 57, subtract line 57 from line 65. This is the amount you **overpaid**	66	
67a	Amount of line 66 you want **refunded to you** ▶	67a	
▶ b	Routing number ______ ▶ c Type: [ ] Checking [ ] Savings		
▶ d	Account number ______		
68	Amount of line 66 you want **applied to your 2001 estimated tax** ▶ 68		

Amount You Owe

69	If line 57 is more than line 65, subtract line 65 from line 57. This is the **amount you owe**. For details on how to pay, see page 51 ▶	69	375,750
70	Estimated tax penalty. Also include on line 69 — 70: 1,584		

Sign Here

Joint return? See page 19. Keep a copy for your records.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature	Date	Your occupation	Daytime phone number
		CONSULTANT	( )
Spouse's signature. If a joint return, **both** must sign.	Date	Spouse's occupation	May the IRS discuss this return with the preparer shown below (see page 52)? [ ] Yes [ ] No
		H/W	

Paid Preparer's Use Only

Preparer's signature	Date: 10/11/2001	Check if self-employed [ ]	Preparer's SSN or PTIN: REDACTED
Firm's name (or yours if self-employed), address, and ZIP code	Sini & Reeves, P.C. 348 Main Street (Rt 25a), E. Setauket, N.Y. 11733	EIN	
		Phone no.	(631) 751-5225

Form **1040** (2000)

Name(s) shown on Form 1040. Do not enter name and social security number if shown on other side. | Your social security number

PHILIP AND ELISABETH PALMEDO

Schedule B—Interest and Ordinary Dividends

Sequence No. 08

Part I Interest

(See page B-1 and the instructions for Form 1040, line 8a.)

Note. If you had over $400 in taxable interest, you must also complete Part III.

Note. If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

			Amount
1	List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see page B-1 and list this interest first. Also, show that buyer's social security number and address ▶	1	
	SEE STATEMENT 1		1,485,913
	SUBTOTAL		1,485,913
	TAX-EXEMPT INTEREST		33
2	Add the amounts on line 1	2	1,485,880
3	Excludable interest on series EE and I U.S. savings bonds issued after 1989 from Form 8815, line 14. You **must** attach Form 8815	3	
4	Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a ▶	4	1,485,880

Part II Ordinary Dividends

(See page B-1 and the instructions for Form 1040, line 9.)

Note. If you had over $400 in ordinary dividends, you must also complete Part III.

Note. If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

			Amount
5	List name of payer. Include only ordinary dividends. If you received any capital gain distributions, see the instructions for Form 1040, line 13 ▶	5	
	BERNARD MADOFF INV SEC		3,229
	FIDELITY		340
	FIDELITY GINNIE MAE		3,275
	FIDELITY HIGH INCOME		5,262
	FIDELITY CASH RES		539
	FIDELITY INTL G& I		1,920
	PROCTOR & GAMBLE		
	BEACON TRUST CO		27,467
	FIDELITY		10,009
	THE DOW CHEMICAL CO.		146
	PHIL PALMEDO LTD PTR		19,397
	PHIL PALMEDO LTD PTR		7,096
	SHORT INVESTMENT PORTFOLIO LP		454
	CASH MGT INVESTMENT PORTFOLIO		59
	DIVERSIFIED INVEST PORTIFOLIO LP		929
	MEDALLION FUND		4,510
	FIDELITY CASH RESERVES		3
	TETON TRUST		71
	MEDALLION FUND-PASSIVE		2,335
6	Add the amounts on line 5. Enter the total here and on Form 1040, line 9 ▶	6	87,041

Part III Foreign Accounts and Trusts

(See page B-2.)

	You must complete this part if you **(a)** had over $400 of interest or ordinary dividends; **(b)** had a foreign account; or **(c)** received a distribution from, or were a grantor of, or a transferor to, a foreign trust.	Yes	No
7a	At any time during 2000, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See page B-2 for exceptions and filing requirements for Form TD F 90-22.1		X
b	If "Yes," enter the name of the foreign country ▶		
8	During 2000, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See page B-2		X

SCHEDULE D (Form 1040)

Department of the Treasury Internal Revenue Service (99)

Capital Gains and Losses

▶ Attach to Form 1040. ▶ See Instructions for Schedule D (Form 1040).

▶ Use Schedule D-1 for more space to list transactions for lines 1 and 8.

OMB No. 1545-0074

2000

Attachment Sequence No. 12

Name(s) shown on Form 1040: PHILIP AND ELISABETH PALMEDO

Your social security number

Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less

1 (a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-6)	(e) Cost or other basis (see page D-6)	(f) Gain or (loss) Subtract (e) from (d)
VARIOUS STOCKS@ BLM-SEE LIST	Various	Various	4,072,135	4,136,093	-63,958
TREAS BILLS @ BLM-SEE LIST	Various	Various	6,482,562	6,482,562	
300 INTERNET FUND	03/13/2000	11/13/2000	8,394	17,868	-9,474
1000 KOREA THRUNET	05/31/2000	08/22/2000	8,312	15,796	-7,484

	Line	Amount
2 Enter your short-term totals, if any, from Schedule D-1, line 2	2	
3 Total short-term sales price amounts. Add column (d) of lines 1 and 2	3	10,571,403
4 Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824	4	52,244
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1	5	238,151
6 Short-term capital loss carryover. Enter the amount, if any, from line 8 of your 1999 Capital Loss Carryover Worksheet	6	( )
7 **Net short-term capital gain or (loss).** Combine column (f) of lines 1 through 6 ▶	7	209,479

Part II Long-Term Capital Gains and Losses—Assets Held More Than One Year

8 (a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-6)	(e) Cost or other basis (see page D-6)	(f) Gain or (loss) Subtract (e) from (d)	(g) 28% rate gain or (loss) * (see instr. below)
SEE STATEMENT						
9 Enter your long-term totals, if any, from Schedule D-1, line 9			702,188		412,187	
10 **Total long-term sales price amounts.** Add column (d) of lines 8 and 9			702,188			

	Line	(f)	(g)
11 Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824	11	79,837	
12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1	12	140,863	
13 Capital gain distributions. See page D-1	13	21,786	
14 Long-term capital loss carryover. Enter in both columns (f) and (g) the amount, if any, from line 13 of your 1999 Capital Loss Carryover Worksheet	14	( )	( )
15 Combine column (g) of lines 8 through 14	15		
16 **Net long-term capital gain or (loss).** Combine column (f) of lines 8 through 14 ▶ **Next:** Go to Part III on the back.	16	654,673	

* **28% rate gain or loss** includes **all** "collectibles gains and losses" (as defined on page D-6) and up to 50% of the eligible gain on qualified small business stock (see page D-4).

Name(s) shown on Form 1040. Do not enter name and social security number if shown on other side.

PHILIP AND ELISABETH PALMEDO

Your social security number

Part II Long-Term Capital Gains and Losses—Assets Held More Than One Year

8 (a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-6)	(e) Cost or other basis (see page D-6)	(f) Gain or (loss). Subtract (e) from (d)	(g) 28% rate gain or (loss) * (see instr. below)
FIDELITY CASH RESERVES	VARIOUS	VARIOUS	279,078	279,078		
126 DOW CHEMICAL	08/15/1989	11/13/2000	3,938	2,671	1,267	
200 HUMAN GEN SC	11/14/1994	03/03/2000	42,883	1,846	41,037	
400 HUMAN GEN SC	11/14/1994	10/23/2000	39,683	3,692	35,991	
2000 MEDTRONIC	09/01/1971	03/03/2000	100,461	388	100,073	
1000 MEDTRONIC	09/01/1971	03/06/2000	51,858	194	51,664	
1000 MEDTRONIC	09/01/1971	03/31/2000	52,233	194	52,039	
1000 MEDTRONIC	09/01/1971	10/23/2000	50,733	194	50,539	
1000 MEDTRONIC	09/01/1971	11/02/2000	54,858	194	54,664	
350 ROUSE	11/10/1978	01/31/2000	7,905		7,905	
.50 MOLEX	07/25/1990	03/10/2000	20		20	
.25 MOLEX	03/21/1979	03/10/2000	14		14	
100 HOME DEPOT	11/30/1987	05/03/2000	5,384	71	5,313	
200 HOME DEPOT	11/30/1987	07/13/2000	11,346	143	11,203	
50 AVAYA	07/09/1996	10/31/2000	674	296	378	
CASH MGT INVESTMENT PORT	VARIOUS	11/01/2000	38	40	-2	
→ TREASURY OBLIGATION FD	VARIOUS	10/01/2000	1,082	1,000	82	
9 **Totals.** Combine columns (d), (f), and (g). Enter here and on Schedule D, line 9 . . . . . . ▶ 9			702,188		412,187	

*28% rate gain or loss includes all "collectibles gains and losses" (as defined on page D-6) and up to 50% of the eligible gain on qualified small business stock (see page D-4).

Form **6781**

Department of the Treasury
Internal Revenue Service

Gains and Losses From Section 1256 Contracts and Straddles

▶ Attach to your tax return.

OMB No. 1545-0644

2000

Attachment Sequence No. 82

Name(s) shown on tax return

PHILIP AND ELISABETH PALMEDO

Check applicable box(es) (see instructions): A ☐ Mixed straddle election B ☐ Straddle-by-straddle identification election C ☐ Mixed straddle account election D ☐ Net section 1256 contracts loss election

Part I Section 1256 Contracts Marked to Market

(a) Identification of account	(b) (Loss)	(c) Gain
1 BERNARD L MADOFF INVESTMENT		130,610

2	Add amounts on line 1 in columns (b) and (c)	2 ( )	130,610
3	Net gain or (loss). Combine columns (b) and (c) of line 2	3	130,610
4	Form 1099-B adjustments. See instructions and attach schedule	4	
5	Combine lines 3 and 4	5	130,610
	Note: *If line 5 shows a net gain, skip line 6 and enter the gain on line 7. Partnerships and S corporations, see instructions.*		
6	If you have a net section 1256 contracts loss and checked box D, enter the amount to be carried back	6	
7	Subtract line 6 from line 5	7	130,610
8	Short-term capital gain or (loss). Multiply line 7 by 40%. Enter here and include on Schedule D. See instructions	8	52,244
9	Long-term capital gain or (loss). Multiply line 7 by 60%. Enter here and include on Schedule D. See instructions	9	78,366

Part II Gains and Losses From Straddles. Attach a separate schedule listing each straddle and its components.

Section A—Losses From Straddles

(a) Description of property	(b) Date entered into or acquired	(c) Date closed out or sold	(d) Gross sales price	(e) Cost or other basis plus expense of sale	(f) Loss. If column (e) is more than (d), enter difference. Otherwise, enter -0-	(g) Unrecognized gain on offsetting positions	(h) Recognized loss. If column (f) is more than (g), enter difference. Otherwise, enter -0-	*(i) 28% rate loss (see instr. below)
10								

11a	Enter short-term portion of line 10, column (h), losses here and include on Schedule D. See instructions	11a	( )	
b	Enter long-term portion of losses from line 10, columns (h) and (i), here and include on Schedule D. See instructions	11b	( )	( )

Section B—Gains From Straddles

(a) Description of property	(b) Date entered into or acquired	(c) Date closed out or sold	(d) Gross sales price	(e) Cost or other basis plus expense of sale	(f) Gain. If column (d) is more than (e), enter difference. Otherwise, enter -0-	*(g) 28% rate gain (see instr. below)
12						

13a	Enter short-term portion of line 12, column (f), gains here and include on Schedule D. See instructions	13a		
b	Enter long-term portion of gains from line 12, columns (f) and (g), here and include on Schedule D. See instructions	13b		

Part III Unrecognized Gains From Positions Held on Last Day of Tax Year. Memo Entry Only—See instructions.

(a) Description of property	(b) Date acquired	(c) Fair market value on last business day of tax year	(d) Cost or other basis as adjusted	(e) Unrecognized gain. If column (c) is more than (d), enter difference. Otherwise, enter -0-
14				

*28% rate gain or loss includes all "collectibles gains and losses" and up to 50% of the eligible gain on qualified small business stock. See instructions for Schedule D (Form 1040).

Form **1040** | SUPPLEMENTAL SCHEDULE | For Tax Year **2000**

SCHEDULE B

Taxpayer name(s) as shown on Form 1040:

PHILIP AND ELISABETH PALMEDO

STATEMENT 1 **SCHEDULE B, INTEREST DATA (LINE 1)**

INTEREST PAYER	INTEREST AMOUNT
NORTH FORK BANK -ESCROW	221
NORTH FORK BANK-NOW	295
NORTH FORK BANK-NOW	34
DIME SAVINGS	590
PHIL PALMEDO LTD PTR	803,138
PHIL PALMEDO LTD PTR	13,901
PHIL PALMEDO LTD PTR	293,830
PHIL PALMEDO LTD PTR	5,086
SHORT INVESTMENT PORTFOLIO LP	32,293
SHORT INVESTMENT PORTFOLIO LP	973
CASH MGT INVESTMENT PORTFOLIO	2
CASH MGT INVESTMENT PORTFOLIO	86
CASH MGT INVESTMENT PORTFOLIO	26
WINTHROP FINANCIAL ET AL PTRS	246
WINTHROP FINANCIAL ET AL PTRS	1,943
DIVERSIFIED INVEST PORTIFOLIO LP	7,552
IRG LTD	1,000
MEDALLION FUND	295,971
MEDALLION FUND	5,148
IRG- REPORTED ON PFP LTD PTRNP	-1,000
DIVERSIFIED INVEST PORTIFOLIO LP	1,406
DIVERSIFIED INVEST PORTIFOLIO LP	7
ASSET MGT ADVISORS	71
BLM-US TREASURY	23,094
TOTAL	1,485,913

Form **1040** Department of the Treasury—Internal Revenue Service
U.S. Individual Income Tax Return **2001** (99) IRS Use Only—Do not write or staple in this space.

Label

(See instructions on page 19.)
Use the IRS label. Otherwise, please print or type.

For the year Jan. 1-Dec. 31, 2001, or other tax year beginning , 2001, ending , 20 | OMB No. 1545-0074

Your first name and initial	Last name	Your social security number
PHILIP	PALMEDO	
If a joint return, spouse's first name and initial	Last name	Spouse's social security number
ELISABETH	PALMEDO	
Home address (number and street). If you have a P.O. box, see page 19.	Apt. no.	
4 PIPER LANE		
City, town or post office, state, and ZIP code. If you have a foreign address, see page 19.		
ST JAMES, NY 11780		

▲ Important! ▲ You must enter your SSN(s) above.

Presidential Election Campaign (See page 19.)
Note. Checking "Yes" will not change your tax or reduce your refund.
Do you, or your spouse if filing a joint return, want $3 to go to this fund? ▶ You ☐ Yes ☐ No Spouse ☐ Yes ☐ No

Filing Status

Check only one box.

1 ☐ Single
2 ☒ Married filing joint return (even if only one had income)
3 ☐ Married filing separate return. Enter spouse's social security no. above and full name here. ▶
4 ☐ Head of household (with qualifying person). (See page 19.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶
5 ☐ Qualifying widow(er) with dependent child (year spouse died ▶). (See page 19.)

Exemptions

6a ☒ **Yourself.** If your parent (or someone else) can claim you as a dependent on his or her tax return, **do not** check box 6a
b ☒ **Spouse**

No. of boxes checked on 6a and 6b: 2

c **Dependents:**

(1) First name Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) ✓ if qualifying child for child tax credit (see page 20)
			☐
			☐
			☐
			☐
			☐
			☐

If more than six dependents, see page 20.

No. of your children on 6c who:
- lived with you: 0
- did not live with you due to divorce or separation (see page 20): 0

Dependents on 6c not entered above: 0

d Total number of exemptions claimed — Add numbers entered on lines above ▶ 2

Income

Attach Forms W-2 and W-2G here. Also attach Form(s) 1099-R if tax was withheld.

If you did not get a W-2, see page 21.

Enclose, but do not attach, any payment. Also, please use Form 1040-V.

7	Wages, salaries, tips, etc. Attach Form(s) W-2	7	16,843
8a	**Taxable** interest. Attach Schedule B if required	8a	233,056
b	**Tax-exempt** interest. **Do not** include on line 8a — 8b 1,541		
9	Ordinary dividends. Attach Schedule B if required	9	79,089
10	Taxable refunds, credits, or offsets of state and local income taxes (see page 22)	10	
11	Alimony received	11	
12	Business income or (loss). Attach Schedule C or C-EZ	12	22,375
13	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ ☐	13	767,076
14	Other gains or (losses). Attach Form 4797	14	317,641
15a	Total IRA distributions 15a — b Taxable amount (see page 23)	15b	40,631
16a	Total pensions and annuities 16a — b Taxable amount (see page 23)	16b	58,057
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	(123,269)
18	Farm income or (loss). Attach Schedule F	18	
19	Unemployment compensation	19	
20a	Social security benefits 20a 26,244 — b Taxable amount (see page 25)	20b	22,307
21	Other income. List type and amount (see page 27) FIDUCIARY TRUST CO	21	105
22	Add the amounts in the far right column for lines 7 through 21. This is your **total income** ▶	22	1,433,911

Adjusted Gross Income

23	IRA deduction (see page 27)	23			
24	Student loan interest deduction (see page 28)	24			
25	Archer MSA deduction. Attach Form 8853	25			
26	Moving expenses. Attach Form 3903	26			
27	One-half of self-employment tax. Attach Schedule SE	27			
28	Self-employed health insurance deduction (see page 30)	28			
29	Self-employed SEP, SIMPLE, and qualified plans	29			
30	Penalty on early withdrawal of savings	30			
31a	Alimony paid b Recipient's SSN ▶	31a			
32	Add lines 23 through 31a			32	0
33	Subtract line 32 from line 22. This is your **adjusted gross income** ▶			33	1,433,911

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 72. PAL5500 Cat. No. 11320B Form **1040** (2001)

Tax and Credits

34	Amount from line 33 (adjusted gross income)		1,433,911
35a	Check if: [X] You were 65 or older, [ ] Blind; [X] Spouse was 65 or older, [ ] Blind. Add the number of boxes checked above and enter the total here ▶ 35a	2	
b	If you are married filing separately and your spouse itemizes deductions, or you were a dual-status alien, see page 31 and check here ▶ 35b [ ]		
36	**Itemized deductions** (from Schedule A) **or** your **standard deduction** (see left margin)		291,080
37	Subtract line 36 from line 34		1,142,831
38	If line 34 is $99,725 or less, multiply $2,900 by the total number of exemptions claimed on line 6d. If line 34 is over $99,725, see the worksheet on page 32		0
39	**Taxable income.** Subtract line 38 from line 37. If line 38 is more than line 37, enter -0-		1,142,831
40	**Tax** (see page 33). Check if any tax is from a [ ] Form(s) 8814 b [ ] Form 4972		313,778
41	**Alternative minimum tax** (see page 34). Attach Form 6251		872
42	Add lines 40 and 41 ▶		314,650
43	Foreign tax credit. Attach Form 1116 if required	665	
44	Credit for child and dependent care expenses. Attach Form 2441		
45	Credit for the elderly or the disabled. Attach Schedule R		
46	Education credits. Attach Form 8863		
47	Rate reduction credit. See the worksheet on page 36		
48	Child tax credit (see page 37)		
49	Adoption credit. Attach Form 8839		
50	Other credits from: a [ ] Form 3800 b [ ] Form 8396 c [ ] Form 8801 d [ ] Form (specify)		
51	Add lines 43 through 50. These are your **total credits**		665
52	Subtract line 51 from line 42. If line 51 is more than line 42, enter -0- ▶		313,985

Standard Deduction for—
- People who checked any box on line 35a or 35b **or** who can be claimed as a dependent, see page 31.
- All others:
Single, $4,550
Head of household, $6,650
Married filing jointly or Qualifying widow(er), $7,600
Married filing separately, $3,800

Other Taxes

53	Self-employment tax. Attach Schedule SE	
54	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137	
55	Tax on qualified plans, including IRAs, and other tax-favored accounts. Attach Form 5329 if required	
56	Advance earned income credit payments from Form(s) W-2	
57	Household employment taxes. Attach Schedule H	
58	Add lines 52 through 57. This is your **total tax** ▶	313,985

Payments

59	Federal income tax withheld from Forms W-2 and 1099	5,673	
60	2001 estimated tax payments and amount applied from 2000 return	370,000	
61a	**Earned income credit (EIC)**		
b	Nontaxable earned income 61b		
62	Excess social security and RRTA tax withheld (see page 51)		
63	Additional child tax credit. Attach Form 8812		
64	Amount paid with request for extension to file (see page 51)	200,000	
65	Other payments. Check if from a [ ] Form 2439 b [ ] Form 4136		
66	Add lines 59, 60, 61a, and 62 through 65. These are your **total payments** ▶		575,673

If you have a qualifying child, attach Schedule EIC.

Refund

67	If line 66 is more than line 58, subtract line 58 from line 66. This is the amount you **overpaid**		261,688
68a	Amount of line 67 you want **refunded to you** ▶		
b	Routing number ▶ c Type: [ ] Checking [ ] Savings		
d	Account number		
69	Amount of line 67 you want **applied to your 2002 estimated tax** ▶	258,346	

Direct deposit? See page 51 and fill in 68b, 68c, and 68d.

Amount You Owe

70	**Amount you owe.** Subtract line 66 from line 58. For details on how to pay, see page 52 ▶		
71	Estimated tax penalty. Also include on line 70	3,342	

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see page 53)? [X] **Yes.** Complete the following. [ ] No

Designee's name ▶ PREPARER Phone no. ▶ ( ) Personal identification number (PIN) ▶

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Joint return? See page 19. Keep a copy for your records.

Your signature | Date | Your occupation: CONSULTANT | Daytime phone number ( )

Spouse's signature. If a joint return, **both** must sign. | Date | Spouse's occupation: H/W

Paid Preparer's Use Only

Preparer's signature | Date | Check if self-employed [ ] | Preparer's SSN or PTIN REDACTED

Firm's name (or yours if self-employed), address, and ZIP code: Sini & Reeves, L.L.P. 348 Main Street (Rt 25A), E. Setauket, NY 11733-3 | EIN | Phone no. (631) 751-5225

Form **1040** (2001)

Schedules A&B (Form 1040) 2001 OMB No. 1545-0074 Page 2

Name(s) shown on Form 1040. Do not enter name and social security number if shown on other side.

PHILIP AND ELISABETH PALMEDO

Schedule B—Interest and Ordinary Dividends

Sequence No. 08

Part I Interest

(See page B-1 and the instructions for Form 1040, line 8a.)

Note. If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

		Line	Amount
1	List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see page B-1 and list this interest first. Also, show that buyer's social security number and address ▶		
	SEE STATEMENT 5	1	233,056
2	Add the amounts on line 1	2	233,056
3	Excludable interest on series EE and I U.S. savings bonds issued after 1989 from Form 8815, line 14. You **must** attach Form 8815	3	
4	Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a ▶	4	233,056

Note. If line 4 is over $400, you must complete Part III.

Part II Ordinary Dividends

(See page B-1 and the instructions for Form 1040, line 9.)

Note. If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

		Line	Amount
5	List name of payer. Include only ordinary dividends. If you received any capital gain distributions, see the instructions for Form 1040, line 13 ▶		
	BERNARD MADOFF INV SEC		4,240
	BERNARD MADOFF-US TREASURY		536
	FIDELITY		341
	FIDELITY GINNIE MAE		3,139
	FIDELITY HIGH INCOME		6,136
	FIDELITY CASH RES		372
	PROCTOR & GAMBLE		568
	BEACON TRUST CO		25,223
	FIDELITY		16,098
	THE DOW CHEMICAL CO.	5	79
	SUNTRUST BANK		135
	PHIL PALMEDO LTD PTR		9,290
	PHIL PALMEDO LTD PTR		3,399
	MEDALLION FUND		3,493
	DIVERSIFIED INVEST PORTIFOLIO LP		4,168
	LIGHTHOUSE DIVERSIFIED FUND LP		1,872
6	Add the amounts on line 5. Enter the total here and on Form 1040, line 9 ▶	6	79,089

Note. If line 6 is over $400, you must complete Part III.

Part III Foreign Accounts and Trusts

(See page B-2.)

	You must complete this part if you **(a)** had over $400 of taxable interest or ordinary dividends; **(b)** had a foreign account; or **(c)** received a distribution from, or were a grantor of, or a transferor to, a foreign trust.	Yes	No
7a	At any time during 2001, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See page B-2 for exceptions and filing requirements for Form TD F 90-22.1		X
b	If "Yes," enter the name of the foreign country ▶		
8	During 2001, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See page B-2		X

For Paperwork Reduction Act Notice, see Form 1040 instructions. **Schedule B (Form 1040) 2001**

SCHEDULE D-1 (Form 1040)
Department of the Treasury Internal Revenue Service (99)

Continuation Sheet for Schedule D (Form 1040)

► See instructions for Schedule D (Form 1040).
► Attach to Schedule D to list additional transactions for lines 1 and 8.

OMB No. 1545-0074
2001
Attachment Sequence No. 12A

Name(s) shown on Form 1040: PHILIP AND ELISABETH PALMEDO

Your social security number

Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less

1 (a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-5 of the instructions)	(e) Cost or other basis (see page D-5 of the instructions)	(f) Gain or (loss). Subtract (e) from (d)
3671.072 FIDELITY CAP & INC	04/18/2001	12/19/2001	24,774	27,606	-2,832
900 LUCENT TECH	VARIOUS	05/10/2001	9,210	18,178	-8,968
345.413 DRESDNER RCM GLOBAL	11/14/2000	05/21/2001	13,492	20,000	-6,508
4740.179 STRONG HIGH YIELD	VARIOUS	11/26/2001	37,874	42,437	-4,563
17.977 THIRD AVE VALUE	VARIOUS	11/26/2001	651	733	-82
824.68 SMITH BARN HIGH INC	VARIOUS	07/25/2001	6,133	6,945	-812
1132 NORTHEAST INV TR	VARIOUS	07/27/2001	9,268	9,671	-403
PER ATTACHED STATEMENT	VARIOUS	VARIOUS	3,083,322	3,000,553	82,769
PER ATTACHED STATEMENT	VARIOUS	VARIOUS	476		476
2 Totals. Combine columns (d) and (f). Enter here and on Schedule D, line 2 . . . . ► 2			3,185,200		59,077

Schedule D-1 (Form 1040) 2001 Attachment Sequence No. 12A Page 2

Name(s) shown on Form 1040. Do not enter name and social security number if shown on other side.

PHILIP AND ELISABETH PALMEDO

Your social security number

Part II Long-Term Capital Gains and Losses—Assets Held More Than One Year

8 (a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-5 of the instructions)	(e) Cost or other basis (see page D-5 of the instructions)	(f) Gain or (loss). Subtract (e) from (d)	(g) 28% rate gain or (loss) * (see instr. below)
500 MEDTRONIC	09/01/1971	05/10/2001	21,884	97	21,787	
222 THIRD AVE VALUE	VARIOUS	11/26/2001	8,029	9,038	-1,009	
25000 VENTURE MATE	02/27/2000	12/20/2001		25,000	-25,000	
ASSET MANAGEMENT ADVISORS	10/01/1990	03/28/2001	673,618	200,000	473,618	
.92 GLAXOSMITHKLINE	03/05/1982	01/03/2001	48	4	44	
300 LUCENT TECH	07/09/1996	01/11/2001	5,257	2,558	2,699	
300 LUCENT TECH	07/09/1996	04/04/2001	2,082	2,558	-476	
7300 SMITH BARN HIGH INC	VARIOUS	07/25/2001	54,315	80,109	-25,794	
9176.0438 NORTHEAST INV TRU	VARIOUS	07/27/2001	75,154	103,784	-28,630	
TREASURY BILL ACTIVITY	VARIOUS	VARIOUS	4,537,038	4,537,038		
PER ATTACHED STATEMENT	VARIOUS	VARIOUS	317,431	316,718	713	
FIDELITY CASH RESERVE ACTIV.	VARIOUS	VARIOUS	181,802	181,802		
3661.63 FED TREAS OBLIGATION	UNKNOWN	10/01/2001	3,662	3,662		
196.68 FED TREAS OBLIGATION	UNKNOWN	10/01/2001	197	197		
9 **Totals.** Combine columns (d), (f), and (g). Enter here and on Schedule D, line 9 ▶ 9			5,880,517		417,952	

*28% rate gain or loss includes all "collectibles gains and losses" (as defined on page D-6 of the instructions) and up to 50% of the eligible gain on qualified small business stock (see page D-4 of the instructions).

Form **1040** | SUPPLEMENTAL SCHEDULE | For Tax Year **2001**

SCHEDULE B

Taxpayer name(s) as shown on Form 1040:
PHILIP AND ELISABETH PALMEDO

STATEMENT 5 — SCHEDULE B, INTEREST DATA (LINE 1)

INTEREST PAYER	INTEREST AMOUNT
NORTH FORK BANK -ESCROW	229
NORTH FORK BANK-NOW	536
NORTH FORK BANK-NOW	34
DIME SAVINGS	4,123
IRG LTD	
IRG- REPORTED ON PFP LTD PTRNP	
ASSET MGT ADVISORS	139
BERNARD L MADHOFF-US TREASURY	17,533
WINTHROP FINANCIAL ET AL PTRS	1,172
WINTHROP FINANCIAL ET AL PTRS	225
BERNARD L MADHOFF	29
PHIL PALMEDO LTD PTR	82,925
PHIL PALMEDO LTD PTR	30,338
MEDALLION FUND	32,537
MEDALLION FUND	5,884
PHIL PALMEDO LTD PTR	13,672
DIVERSIFIED INVEST PORTIFOLIO LP	21,946
LIGHTHOUSE DIVERSIFIED FUND LP	9,854
LIGHTHOUSE DIVERSIFIED FUND LP	2,131
DIVERSIFIED INVEST PORTIFOLIO LP	4,747
PHIL PALMEDO LTD PTR	5,002
TOTAL	233,056

STATEMENT 6 — SCHEDULE B, DIVIDEND DATA (LINE 5)

DIVIDEND PAYER	DIVIDEND AMOUNT
BERNARD MADOFF INV SEC	4,240
BERNARD MADOFF-US TREASURY	536
FIDELITY	341
FIDELITY GINNIE MAE	3,139
FIDELITY HIGH INCOME	6,136
FIDELITY CASH RES	372
FIDELITY INTL G& I	
PROCTOR & GAMBLE	568
BEACON TRUST CO	25,223
FIDELITY	16,098
THE DOW CHEMICAL CO.	79
FIDELITY CASH RESERVES	
TETON TRUST	
SUNTRUST BANK	135
PHIL PALMEDO LTD PTR	9,290
PHIL PALMEDO LTD PTR	3,399
MEDALLION FUND	3,493
DIVERSIFIED INVEST PORTIFOLIO LP	4,168
LIGHTHOUSE DIVERSIFIED FUND LP	1,872
TOTAL	79,089

Form **1040** Department of the Treasury—Internal Revenue Service
U.S. Individual Income Tax Return **2002** (99) IRS Use Only—Do not write or staple in this space.

For the year Jan. 1-Dec. 31, 2002, or other tax year beginning , 2002, ending , 20 OMB No. 1545-0074

Label

(See instructions on page 21.)
Use the IRS label. Otherwise, please print or type.

Your first name and initial: PHILIP	Last name: PALMEDO	Your social security number
If a joint return, spouse's first name and initial: ELISABETH	Last name: PALMEDO	Spouse's social security number
Home address (number and street). If you have a P.O. box, see page 21.: 4 PIPER LANE	Apt. no.	**Important!** You **must** enter your SSN(s) above.
City, town or post office, state, and ZIP code. If you have a foreign address, see page 21.: ST JAMES, NY 11780		

Presidential Election Campaign (See page 21.)
Note. Checking "Yes" will not change your tax or reduce your refund.
Do you, or your spouse if filing a joint return, want $3 to go to this fund? You ☐ Yes ☐ No Spouse ☐ Yes ☐ No

Filing Status

Check only one box.

1 ☐ Single
2 [X] Married filing jointly (even if only one had income)
3 ☐ Married filing separately. Enter spouse's SSN above and full name here. ▶
4 ☐ Head of household (with qualifying person). (See page 21.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶
5 ☐ Qualifying widow(er) with dependent child (year spouse died ▶). (See page 21.)

Exemptions

6a [X] **Yourself.** If your parent (or someone else) can claim you as a dependent on his or her tax return, **do not** check box 6a
b [X] **Spouse**
No. of boxes checked on 6a and 6b: 2

c **Dependents:**

(1) First name Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) ✓ if qualifying child for child tax credit (see page 22)
			☐
			☐
			☐
			☐
			☐

If more than five dependents, see page 22.

No. of children on 6c who:
• lived with you: 0
• did not live with you due to divorce or separation (see page 22): 0
Dependents on 6c not entered above: 0
Add numbers on lines above ▶ 2

d Total number of exemptions claimed

Income

Attach Forms W-2 and W-2G here. Also attach Form(s) 1099-R if tax was withheld.

If you did not get a W-2, see page 23.

Enclose, but do not attach, any payment. Also, please use Form 1040-V.

7	Wages, salaries, tips, etc. Attach Form(s) W-2		7	15,000
8a	**Taxable** interest. Attach Schedule B if required		8a	140,987
b	**Tax-exempt** interest. **Do not** include on line 8a	8b 1,760		
9	Ordinary dividends. Attach Schedule B if required		9	77,366
10	Taxable refunds, credits, or offsets of state and local income taxes (see page 24)		10	47,641
11	Alimony received		11	
12	Business income or (loss). Attach Schedule C or C-EZ		12	
13	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ ☐		13	927,881
14	Other gains or (losses). Attach Form 4797		14	253,931
15a	IRA distributions 15a	b Taxable amount (see page 25)	15b	33,930
16a	Pensions and annuities 16a 57,786	b Taxable amount (see page 25)	16b	56,775
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E		17	(86,642)
18	Farm income or (loss). Attach Schedule F		18	
19	Unemployment compensation		19	
20a	Social security benefits 20a 18,444	b Taxable amount (see page 27)	20b	15,677
21	Other income. List type and amount (see page 29) SEE STATEMENT 1		21	58,607
22	Add the amounts in the far right column for lines 7 through 21. This is your **total income** ▶		22	1,541,153

Adjusted Gross Income

23	Educator expenses (see page 29)	23			
24	IRA deduction (see page 29)	24			
25	Student loan interest deduction (see page 31)	25			
26	Tuition and fees deduction (see page 32)	26			
27	Archer MSA deduction. Attach Form 8853	27			
28	Moving expenses. Attach Form 3903	28			
29	One-half of self-employment tax. Attach Schedule SE	29	4,133		
30	Self-employed health insurance deduction (see page 33)	30			
31	Self-employed SEP, SIMPLE, and qualified plans	31			
32	Penalty on early withdrawal of savings	32			
33a	Alimony paid b Recipient's SSN ▶	33a			
34	Add lines 23 through 33a			34	4,133
35	Subtract line 34 from line 22. This is your **adjusted gross income** ▶			35	1,537,020

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 76. PAL5500 Cat. No. 11320B Form **1040** (2002)

Form 1040 (2002) PHILIP AND ELISABET ALMEDO Page 2

Tax and Credits	36	Amount from line 35 (adjusted gross income)		36	1,537,020
	37a	Check if: [X] **You** were 65 or older, [ ] Blind; [X] **Spouse** was 65 or older, [ ] Blind. Add the number of boxes checked above and enter the total here ▶ 37a 2			
	b	If you are married filing separately and your spouse itemizes deductions, or you were a dual-status alien, see page 34 and check here ▶ 37b [ ]			
Standard Deduction for— • People who checked any box on line 37a or 37b **or** who can be claimed as a dependent, see page 34. • All others: Single, $4,700; Head of household, $6,900; Married filing jointly or Qualifying widow(er), $7,850; Married filing separately, $3,925	38	**Itemized deductions** (from Schedule A) **or** your **standard deduction** (see left margin)		38	234,580
	39	Subtract line 38 from line 36		39	1,302,440
	40	If line 36 is $103,000 or less, multiply $3,000 by the total number of exemptions claimed on line 6d. If line 36 is over $103,000, see the worksheet on page 35		40	0
	41	**Taxable income.** Subtract line 40 from line 39. If line 40 is more than line 39, enter -0-		41	1,302,440
	42	**Tax** (see page 36). Check if any tax is from: a [ ] Form(s) 8814 b [ ] Form 4972		42	372,448
	43	**Alternative minimum tax** (see page 37). Attach Form 6251		43	
	44	Add lines 42 and 43 ▶		44	372,448
	45	Foreign tax credit. Attach Form 1116 if required	45 1,038		
	46	Credit for child and dependent care expenses. Attach Form 2441	46		
	47	Credit for the elderly or the disabled. Attach Schedule R	47		
	48	Education credits. Attach Form 8863	48		
	49	Retirement savings contributions credit. Attach Form 8880	49		
	50	Child tax credit (see page 39)	50		
	51	Adoption credit. Attach Form 8839	51		
	52	Credits from: a [ ] Form 8396 b [ ] Form 8859	52		
	53	Other credits. Check applicable box(es): a [ ] Form 3800 b [ ] Form 8801 c [ ] Specify ______	53		
	54	Add lines 45 through 53. These are your **total credits**		54	1,038
	55	Subtract line 54 from line 44. If line 54 is more than line 44, enter -0- ▶		55	371,410
Other Taxes	56	Self-employment tax. Attach Schedule SE		56	8,266
	57	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137		57	
	58	Tax on qualified plans, including IRAs, and other tax-favored accounts. Attach Form 5329 if required		58	
	59	Advance earned income credit payments from Form(s) W-2		59	
	60	Household employment taxes. Attach Schedule H		60	
	61	Add lines 55 through 60. This is your **total tax** ▶		61	379,676
Payments	62	Federal income tax withheld from Forms W-2 and 1099	62 4,996		
	63	2002 estimated tax payments and amount applied from 2001 return	63 258,346		
If you have a qualifying child, attach Schedule EIC.	64	**Earned income credit (EIC)**	64		
	65	Excess social security and tier 1 RRTA tax withheld (see page 56)	65		
	66	Additional child tax credit. Attach Form 8812	66		
	67	Amount paid with request for extension to file (see page 56)	67 138,000		
	68	Other payments from: a [ ] Form 2439 b [ ] Form 4136 c [ ] Form 8885	68		
	69	Add lines 62 through 68. These are your **total payments** ▶		69	401,342
Refund	70	If line 69 is more than line 61, subtract line 61 from line 69. This is the amount you **overpaid**		70	21,666
Direct deposit? See page 56 and fill in 71b, 71c, and 71d.	71a	Amount of line 70 you want **refunded to you** ▶		71a	
	▶ b	Routing number ▶ c Type: [ ] Checking [ ] Savings			
	▶ d	Account number			
	72	Amount of line 70 you want **applied to your 2003 estimated tax** ▶	72 20,700		
Amount You Owe	73	**Amount you owe.** Subtract line 69 from line 61. For details on how to pay, see page 57 ▶		73	
	74	Estimated tax penalty (see page 57)	74 966		

Third Party Designee Do you want to allow another person to discuss this return with the IRS (see page 58)? [X] **Yes.** Complete the following. [ ] **No**

Designee's name ▶PREPARER Phone no. ▶ ( ) Personal identification number (PIN) ▶

Sign Here Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Joint return? See page 21. Keep a copy for your records.

Your signature	Date	Your occupation	Daytime phone number
		CONSULTANT	( )
Spouse's signature. If a joint return, **both** must sign.	Date	Spouse's occupation H/W	

Paid Preparer's Use Only

Preparer's signature	Date 10/14/2003	Check if self-employed [ ]	Preparer's SSN or PTIN [REDACTED]
Firm's name (or yours if self-employed), address, and ZIP code	SINI & REEVES LLP 348 Main Street (Rt 25A), E. Setauket, NY 11733-3	EIN	Phone no. ( )

Form **1040** (2002)

Name(s) shown on Form 1040. Do not enter name and social security number if shown on other side.

PHILIP AND ELISABETH PALMEDO

Schedule B—Interest and Ordinary Dividends

Attachment Sequence No. 08

Part I Interest

(See page B-1 and the instructions for Form 1040, line 8a.)

Note. If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

			Amount
1	List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see page B-1 and list this interest first. Also, show that buyer's social security number and address ▶		
	SEE STATEMENT 6		141,022
	SUBTOTAL	1	141,022
	TAX-EXEMPT INTEREST		35
2	Add the amounts on line 1	2	140,987
3	Excludable interest on series EE and I U.S. savings bonds issued after 1989 from Form 8815, line 14. You **must** attach Form 8815	3	
4	Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a ▶	4	140,987

Note. If line 4 is over $1,500, you must complete Part III.

Part II Ordinary Dividends

(See page B-1 and the instructions for Form 1040, line 9.)

Note. If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

			Amount
5	List name of payer. Include only ordinary dividends. If you received any capital gain distributions, see the instructions for Form 1040, line 13 ▶		
	BEACON TRUST CO		22,587
	BERNARD MADOFF INV SEC		5,915
	BUCKEYE PARTNERS, LP		9
	FIDELITY		343
	FIDELITY		15,134
	FIDELITY CASH RES		153
	FIDELITY GINNIE MAE		2,832
	FIDELITY HIGH INCOME		1,962
	FIDELITY INTL G&I		439
	LIGHTHOUSE DIVERSIFIED-BUS INC	5	4,633
	LIGHTHOUSE DIVERSIFIED-INV INC		1,028
	MEDALLION FUND		5,469
	PHIL PALMEDO LTD PTR		11,565
	PHIL PALMEDO LTD PTR		4,535
	PROCTOR & GAMBLE		627
	SUNTRUST BANK		51
	THE DOW CHEMICAL CO.		84
6	Add the amounts on line 5. Enter the total here and on Form 1040, line 9 ▶	6	77,366

Note. If line 6 is over $1,500, you must complete Part III.

Part III Foreign Accounts and Trusts

(See page B-2.)

	You must complete this part if you **(a)** had over $1,500 of taxable interest or ordinary dividends; OR **(b)** had a foreign account; or **(c)** received a distribution from, or were a grantor of, or a transferor to, a foreign trust.	Yes	No
7a	At any time during 2002, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See page B-2 for exceptions and filing requirements for Form TD F 90-22.1		X
b	If "Yes," enter the name of the foreign country ▶		
8	During 2002, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See page B-2		X

SCHEDULE D-1 (Form 1040)

Department of the Treasury Internal Revenue Service (99)

Continuation Sheet for Schedule D (Form 1040)

► See instructions for Schedule D (Form 1040).
► Attach to Schedule D to list additional transactions for lines 1 and 8.

OMB No. 1545-0074

2002

Attachment Sequence No. 12A

Name(s) shown on Form 1040: PHILIP AND ELISABETH PALMEDO

Your social security number

Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less

1 (a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-5 of the instructions)	(e) Cost or other basis (see page D-5 of the instructions)	(f) Gain or (loss). Subtract (e) from (d)
BERNARD MADOFF-SEE SCHEDULE	VARIOUS	VARIOUS	4,252,412	4,039,835	212,577
BERNARD MADOFF-SEE SCHEDULE	VARIOUS	VARIOUS	7,515,396	7,515,396	
312.3 FIDELITY CAP & INCO	VARIOUS	10/14/2002	1,702	2,183	-481
2000 PETROLEO BRASILEIRO	10/16/2002	12/16/2002	27,069	20,141	6,928
7735 FIDELITY CAP & INCO	VARIOUS	10/14/2002	41,752	54,073	-12,321
698.216 FIDELITY HIGH INCOM	VARIOUS	06/20/2002	5,383	8,124	-2,741
2 **Totals.** Combine columns (d) and (f). Enter here and on Schedule D, line 2 . . . . ► 2			11,843,714		203,962

For Paperwork Reduction Act Notice, see Form 1040 instructions. Cat. No. 10424K Schedule D-1 (Form 1040) 2002

PHILIP F PALMEDO

Important Tax Information
Bernard L. Madoff Investment Securities
Trading Accounts # CM142 -3 -0 & CM142 -4 -0
For the Period: 01/01/02 - 12/31/02

	Proceeds	Cost	Total Gain/(Loss)	Reconciliation of Total Gain/(Loss): Short-Term Gain/(Loss)	Long-Term Gain/(Loss)
Capital gains/(losses):					
Stocks	$ 4,252,412.10	$ 4,039,834.58	$ 212,577.52	$ 212,577.52	$ 0.00
Treasury Bill Activity	7,515,396.00	7,515,396.00	0.00	0.00	0.00
Totals per Form 1099	$ 11,767,808.10	$ 11,555,230.58	$ 212,577.52	$ 212,577.52	$ 0.00
**** *Options*	320,238.00	436,054.00	(115,816.00)	(46,326.40)	(69,489.60)
Fidelity Cash Reserves activity	264,830.00	264,830.00	0.00	0.00	0.00
Total	$ 12,352,876.10	$ 12,256,114.58	$ 96,761.52	$ 166,251.12	$ (69,489.60)

Dividend Income:		
Stocks	$ 5,688.89	
Fidelity Spartan U.S. Treasury Money Market	226.35	
	5,915.24	
Interest Income:		
U.S. Treasury bills	$ 7,995.00	
Other	0.00	
	$ 7,995.00	

Federal Tax Withheld: $0.00

**** *Report on IRS Form 6781, "Gains and Losses from Section 1256 Contracts and Straddles"*

PALMEDO-ALBANESE 000040

Form **1040** | SUPPLEMENTAL SCHEDULE | For Tax Year **2002**

Schedule B

Taxpayer name(s) as shown on Form 1040: **PHILIP AND ELISABETH PALMEDO**

Social Security Number:

STATEMENT 6 — **Schedule B, Interest Data (Line 1)**

Interest Payer	Interest Amount
WINTHROP FINANCIAL ET AL PTRS	369
WINTHROP FINANCIAL ET AL PTRS	64
ASSET MGR ADVISORS	21
ASSET MGT ADVISORS	56
BERNARD L MADHOFF-US TREASURY	7,995
BUCKEYE PARTNERS, LP	11
LIGHTHOUSE DIVERSIFIED-BUS INC	21,106
LIGHTHOUSE DIVERSIFIED-BUS INC	1,029
LIGHTHOUSE DIVERSIFIED-INV INC	640
LIGHTHOUSE DIVERSIFIED-INV INC	35
LIGHTHOUSE DIVERSIFIED-INV INC	196
MEDALLION FUND	18,613
MEDALLION FUND	5,223
NORTH FORK BANK -ESCROW	239
NORTH FORK BANK-NOW	279
PHIL PALMEDO LTD PTR	48,185
PHIL PALMEDO LTD PTR	10,858
PHIL PALMEDO LTD PTR	18,897
PHIL PALMEDO LTD PTR	4,258
SUNTRUST BANK	5
SUNTRUST-ESCROW	1,837
WASHINGTON MUTUAL-CKG	1,038
WASHINGTON MUTUAL-MONEY MKT	68
TOTAL	141,022

Form 1040 Department of the Treasury — Internal Revenue Service
U.S. Individual Income Tax Return 2003
(99) IRS Use Only — Do not write or staple in this space

For the year Jan 1 - Dec 31, 2003, or other tax year beginning , 2003, ending , 20 OMB No. 1545-0074

Label (See instructions.)
Use the IRS label. Otherwise, please print or type.

Your first name MI Last name: PHILIP PALMEDO
Your social security number: REDACTED

If a joint return, spouse's first name MI Last name: ELISABETH PALMEDO

Home address (number and street). If you have a P.O. box, see instructions. Apartment no.: 4 PIPER LANE

City, town or post office. If you have a foreign address, see instructions. State ZIP code: ST JAMES, NY 11780

▲ **Important!** ▲ You must enter your social security number(s) above.

Presidential Election Campaign (See instructions.)
Note: Checking 'Yes' will not change your tax or reduce your refund.
Do you, or your spouse if filing a joint return, want $3 to go to this fund? You ☐ Yes ☐ No Spouse ☐ Yes ☐ No

Filing Status Check only one box.
1 ☐ Single
2 [X] Married filing jointly (even if only one had income)
3 ☐ Married filing separately. Enter spouse's SSN above & full name here. ►
4 ☐ Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here ►
5 ☐ Qualifying widow(er) with dependent child. (See instructions.)

Exemptions
6a [X] **Yourself.** If your parent (or someone else) can claim you as a dependent on his or her tax return, **do not** check box 6a
b [X] **Spouse**
No. of boxes checked on 6a and 6b: 2

c Dependents:

(1) First name Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) ✓ if qualifying child for child tax credit (see instrs)
			☐
			☐
			☐
			☐
			☐

If more than five dependents, see instructions.

No. of children on 6c who: • lived with you; • did not live with you due to divorce or separation (see instrs); Dependents on 6c not entered above

d Total number of exemptions claimed — Add numbers on lines above ► 2

Income
Attach Forms W-2 and W-2G here. Also attach Form(s) 1099-R if tax was withheld.
If you did not get a W-2, see instructions.
Enclose, but do not attach, any payment. Also, please use Form 1040-V.

7	Wages, salaries, tips, etc. Attach Form(s) W-2		15,000.
8a	**Taxable** interest. Attach Schedule B if required		123,399.
b	**Tax-exempt** interest. **Do not** include on line 8a	8b 4,762.	
9a	Ordinary dividends. Attach Schedule B if required		87,573.
b	Qualified divs (see instrs)	9b 57,705.	
10	Taxable refunds, credits, or offsets of state and local income taxes (see instructions)		54,427.
11	Alimony received		
12	Business income or (loss). Attach Schedule C or C-EZ		
13a	Capital gain or (loss). Att Sch D if reqd. If not reqd, ck here ► ☐		814,041.
b	If box on 13a is checked, enter post May 5 capital gain distributions	13b	
14	Other gains or (losses). Attach Form 4797		139,853.
15a	IRA distributions 15a	b Taxable amount (see instrs) 15b	30,587.
16a	Pensions and annuities 16a	b Taxable amount (see instrs) 16b	57,233.
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E		-109,973.
18	Farm income or (loss). Attach Schedule F		
19	Unemployment compensation		
20a	Social security benefits 20a 27,268.	b Taxable amount (see instrs) 20b	23,178.
21	Other income SEE STATEMENT 1		66,177.
22	Add the amounts in the far right column for lines 7 through 21. This is your **total income** ►		1,301,495.

Adjusted Gross Income

23	Educator expenses (see instructions)	23	
24	IRA deduction (see instructions)	24	
25	Student loan interest deduction (see instructions)	25	
26	Tuition and fees deduction (see instructions)	26	
27	Moving expenses. Attach Form 3903	27	
28	One-half of self-employment tax. Attach Schedule SE	28 2,090.	
29	Self-employed health insurance deduction (see instrs)	29	
30	Self-employed SEP, SIMPLE, and qualified plans	30	
31	Penalty on early withdrawal of savings	31	
32a	Alimony paid b Recipient's SSN ►	32a	
33	Add lines 23 through 32a		2,090.
34	Subtract line 33 from line 22. This is your **adjusted gross income** ►		1,299,405.

BAA For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see instructions. FDIA0112L 01/15/04 Form **1040** (2003)

COPY

Form 1040 (2003) PHILIP AND ELISABETH PALMEDO Page 2

Tax and Credits

35	Amount from line 34 (adjusted gross income)			35	1,299,405.
36a	Check if: [X] You were born before January 2, 1939, [ ] Blind. [X] Spouse was born before January 2, 1939, [ ] Blind. Total boxes checked ► 36a 2				
b	If you are married filing separately and your spouse itemizes deductions, or you were a dual-status alien, see instructions and check here ► 36b [ ]				
37	Itemized deductions (from Schedule A) or your standard deduction (see left margin)			37	210,802.
38	Subtract line 37 from line 35			38	1,088,603.
39	If line 35 is $104,625 or less, multiply $3,050 by the total number of exemptions claimed on line 6d. If line 35 is over $104,625, see the worksheet in the instructions			39	0.
40	Taxable income. Subtract line 39 from line 38. If line 39 is more than line 38, enter -0-			40	1,088,603.
41	Tax (see instrs) Check if any tax is from a [ ] Form(s) 8814 b [ ] Form 4972			41	241,143.
42	Alternative minimum tax (see instructions). Attach Form 6251			42	2,885.
43	Add lines 41 and 42			43	244,028.
44	Foreign tax credit. Attach Form 1116 if required	44	921.		
45	Credit for child and dependent care expenses. Attach Form 2441	45			
46	Credit for the elderly or the disabled. Attach Schedule R	46			
47	Education credits. Attach Form 8863	47			
48	Retirement savings contributions credit. Attach Form 8880	48			
49	Child tax credit (see instructions)	49			
50	Adoption credit. Attach Form 8839	50			
51	Credits from: a [ ] Form 8396 b [ ] Form 8859	51			
52	Other credits. Check applicable box(es): a [ ] Form 3800 b [ ] Form 8801 c [ ] Specify	52			
53	Add lines 44 through 52. These are your total credits			53	921.
54	Subtract line 53 from line 43. If line 53 is more than line 43, enter -0-			54	243,107.

Standard Deduction for —
- People who checked any box on line 36a or 36b or who can be claimed as a dependent, see instructions.
- All others: Single or Married filing separately, $4,750
Married filing jointly or Qualifying widow(er), $9 500
Head of household, $7,000

Other Taxes

55	Self-employment tax. Attach Schedule SE	55	4,179.
56	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137	56	
57	Tax on qualified plans, including IRAs, and other tax-favored accounts. Attach Form 5329 if required	57	
58	Advance earned income credit payments from Form(s) W-2	58	
59	Household employment taxes. Attach Schedule H	59	
60	Add lines 54-59. This is your total tax	60	247,286.

Payments

If you have a qualifying child, attach Schedule EIC.

61	Federal income tax withheld from Forms W-2 and 1099	61	4,785.		
62	2003 estimated tax payments and amount applied from 2002 return	62	320,700.		
63	Earned income credit (EIC)	63			
64	Excess social security and tier 1 RRTA tax withheld (see instructions)	64			
65	Additional child tax credit. Attach Form 8812	65			
66	Amount paid with request for extension to file (see instructions)	66	50,000.		
67	Other pmts from: a [ ] Form 2439 b [ ] Form 4136 c [ ] Form 8885	67			
68	Add lines 61 through 67. These are your total payments			68	375,485.

Refund

Direct deposit? See instructions and fill in 70b, 70c, and 70d.

69	If line 68 is more than line 60, subtract line 60 from line 68. This is the amount you overpaid			69	128,199.
70a	Amount of line 69 you want refunded to you			70a	0.
b	Routing number ► c Type: [ ] Checking [ ] Savings				
d	Account number				
71	Amount of line 69 you want applied to your 2004 estimated tax	71	126,241.		

Amount You Owe

72	Amount you owe. Subtract line 68 from line 60. For details on how to pay, see instructions			72	
73	Estimated tax penalty (see instructions)	73	1,958.		

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see instructions)? [X] Yes. Complete the following. [ ] No

Designee's name ► MICHAEL R. REEVES, CPA Phone no. ► (631) 751-5225 Personal identification number (PIN) ►

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Joint return? See instructions. Keep a copy for your records.

Your signature | Date | Your occupation: CONSULTANT | Daytime phone number

Spouse's signature. If a joint return, both must sign. | Date | Spouse's occupation: H/W

Paid Preparer's Use Only

Preparer's signature ► COPY Date 10/07/04 Check if self-employed [ ] Preparer's SSN or PTIN REDACTED

Firm's name (or yours if self-employed), address, and ZIP code ► SINI & REEVES, L.L.P. 348 MAIN SREET (RTE 25A) SETAUKET, NY 11733

EIN

Phone no. (631) 751-5225

Form 1040 (2003)

FDIA0112L 01/16/04

Schedule A & B (Form 1040) 2003 OMB No. 1545-0074 Page 2

Name(s) shown on Form 1040 — Your social security number

PHILIP AND ELISABETH PALMEDO REDACTED

Schedule B – Interest and Ordinary Dividends

08

Part I Interest

(See instructions for Form 1040, line 8a.)

1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see the instructions and list this interest first. Also, show that buyer's social security number and address

		Amount
BERNARD L MADHOFF-US TREASURY		4,582.
BUCKEYE PARTNERS, LP		15.
CHASE-ESCROW		90.
IRG, LTD		10,000.
LIGHTHOUSE DIVERSIFIED-BUS INC		16,836.
LIGHTHOUSE DIVERSIFIED-INV INC		6,044.
MEDALLION FUND	1	18,353.
NORTH FORK BANK -ESCROW-FINAL 2003		24.
NORTH FORK BANK-NOW		212.
PHIL PALMEDO LTD PTR		18,663.
PHIL PALMEDO LTD PTR		47,592.
RBC CENTURA BANK		92.
WASHINGTON MUTUAL-CKG		389.
WINTHROP FINANCIAL ET AL PTRS		23.
WINTHROP FINANCIAL ET AL PTRS		484.
2 Add the amounts on line 1	2	123,399.
3 Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815	3	
4 Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a	4	123,399.

Note. If line 4 is over $1,500, you must complete Part III.

Note. If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

Part II Ordinary Dividends

(See instructions for Form 1040, line 9a.)

5 List name of payer

		Amount
ASSET MANAGER ADVISORS		42.
BEACON TRUST CO		25,018.
BERNARD MADOFF INV SEC		9,638.
BUCKEYE PARTNERS, LP		100.
FIDELITY		12,655.
FIDELITY		458.
FIDELITY CASH RES		86.
FIDELITY GINNIE MAE		1,083.
FIDELITY INTL G&I		841.
LIGHTHOUSE DIVERSIFIED-BUS INC	5	3,573.
LIGHTHOUSE DIVERSIFIED-INV INC		4,007.
MEDALLION FUND		7,236.
PHIL PALMEDO LTD PTR		15,811.
PHIL PALMEDO LTD PTR		6,200.
PROCTOR & GAMBLE		699.
SUNTRUST BANK		42.
THE DOW CHEMICAL CO.		84.
6 Add the amounts on line 5. Enter the total here and on Form 1040, line 9a	6	87,573.

Note. If line 6 is over $1,500, you must complete Part III.

Note. If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

Part III Foreign Accounts and Trusts

(See instructions.)

You must complete this part if you (a) had over $1,500 of taxable interest or ordinary dividends; or (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

	Yes	No
7a At any time during 2003, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See instructions for exceptions and filing requirements for Form TD F 90-22.1		X
b If "Yes," enter the name of the foreign country		
8 During 2003, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See instructions		X

SCHEDULE D-1 (Form 1040)
Department of the Treasury Internal Revenue Service (99)

Continuation Sheet for Schedule D (Form 1040)

► See instructions for Schedule D (Form 1040).
► Attach to Schedule D to list additional transactions for lines 1 and 8.

OMB No. 1545-0074
2003
12A

Name(s) shown on Form 1040: PHILIP AND ELISABETH PALMEDO
Your social security number: REDACTED

Part I Short-Term Capital Gains and Losses – Assets Held One Year or Less

(a) Description of property (Example: 100 shares XYZ Co)	(b) Date acquired (Mo, day, yr)	(c) Date sold (Mo, day, yr)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) for the entire year. Subtract (e) from (d)	(g) Post-May 5 gain or (loss)* (see page 7)
1 357.398 STRONG OPPORTUNITY	7/24/02	2/11/03	9,782.	12,818.	-3,036.	
74.322 VANGUARD ENERGY	VARIOUS	10/15/03	2,054.	1,812.	242.	242.
BEACON TRUST-ST-SCH ATTACHED	VARIOUS	VARIOUS	5,151.	5,043.	108.	108.
~~BM-ATTACHED-SCH-SALES-PRIOR 5/6~~	~~VARIOUS~~	~~VARIOUS~~	~~17,791,707.~~	~~17,755,654.~~	~~36,053.~~	
~~BM-ATTACHED-SCH-SALES-POST-5/5~~	~~VARIOUS~~	~~VARIOUS~~	~~3,906,805.~~	~~3,810,663.~~	~~96,142.~~	~~96,142.~~
2 Totals. Combine columns (d), (f) and (g). Enter here and on Schedule D, line 2 ► 2			5,715,499.		129,509.	96,492.

BAA For Paperwork Reduction Act Notice, see Form 1040 instructions. FDIA0656L 09/22/03 Schedule D-1 (Form 1040) 2003

Schedule D-1 (Form 1040) 2003 — 12A — Page 2

Name(s) shown on Form 1040. Do not enter name and social security number if shown on page 1. — Your social security number

PHILIP AND ELISABETH PALMEDO — REDACTED

Part II — Long-Term Capital Gains and Losses – Assets Held More Than One Year

(a) Description of property (Example: 100 shares XYZ Co)	(b) Date acquired (Mo., day, yr)	(c) Date sold (Mo., day, yr)	(d) Sales price (See instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) for the entire year. Subtract (e) from (d)	(g) Post-May 5 gain or (loss)* (see below)
8 1000 MEDTRONIC	9/01/71	10/15/03	45,620.	194.	45,426.	45,426.
4000 VASOMEDICAL	VARIOUS	3/03/03	2,895.	16,044.	-13,149.	
1000 VASOMEDICAL	12/27/00	6/23/03	1,230.	2,109.	-879.	-879.
352.7 STRONG OPPORTUNITY	VARIOUS	2/11/03	9,653.	12,649.	-2,996.	
1037.002 VANGUARD ENERGY	VARIOUS	10/15/03	28,652.	25,285.	3,367.	3,367.
BEACON TRUST-LT-SCH ATTACHED	VARIOUS	VARIOUS	178,950.	82,772.	96,178.	96,178.
BM ATTACHED SCH-US TREASURIES	VARIOUS	VARIOUS	7,952,120.	7,952,120.	0.	
~~BM ATTACHED SCH-SALES PRIOR TO 5/6~~	~~VARIOUS~~	~~VARIOUS~~	~~29,542.~~	~~0.~~	~~29,542.~~	
9 Totals. Combine columns (d), (f), and (g). Enter here and on Schedule D, line 9 ... 9			8,248,662.		157,489.	144,092.

*Include in column (g) all gains and losses from column (f) from sales, exchanges, or conversions (including installment payments received) after May 5, 2003. However, do not include gain attributable to unrecaptured section 1250 gain, "collectibles gains and losses" (as defined in the instructions) or eligible gain on qualified small business stock (see instructions).

Form **6781**

Department of the Treasury Internal Revenue Service

Gains and Losses From Section 1256 Contracts and Straddles

► Attach to your tax return.

OMB No. 1545-0644

2003

82

Name(s) shown on tax return: PHILIP AND ELISABETH PALMEDO

Identifying number: REDACTED

Check all applicable boxes (see instructions).
A ☐ Mixed straddle election
B ☐ Straddle-by-straddle identification election
C ☐ Mixed straddle account election
D ☐ Net section 1256 contracts loss election

Part I Section 1256 Contracts Marked to Market

	(a) Identification of account		(b) Gain or (loss) for entire year	(c) Post-May 5 gain or (loss)
1	BM-SECTION 1256 SALES-SEE SCHEDULE		-80,760.	-32,142.
2	Net gain or (loss). Add the amounts on line 1 in columns (b) and (c)	2	-80,760.	-32,142.
3	Form 1099-B adjustments. See instructions and attach schedule	3		
4	Combine lines 2 and 3, column (b)	4	-80,760.	
5	Combine lines 2 and 3, column (c)	5		-32,142.
	Note: *If line 4 shows a net gain, skip line 6 and enter the line 4 and 5 amounts on line 7. Partnerships and S corporations, see instructions.*			
6	If you have a net section 1256 contracts loss and you checked box D above, enter the amount of that loss to be carried back as a positive number. Do not enter in column (c) more than any loss on line 5	6		
7	Combine lines 4 and 6, column (b), and combine lines 5 and 6, column (c)	7	-80,760.	-32,142.
8	Short-term capital gain or (loss). Multiply line 7, columns (b) and (c), by 40% (.40). Enter here and include on the appropriate line of Schedule D (see instructions)	8	-32,304.	-12,857.
9	Long-term capital gain or (loss). Multiply line 7, columns (b) and (c), by 60% (.60). Enter here and include on the appropriate line of Schedule D (see instructions)	9	-48,456.	-19,285.

Part II Gains and Losses From Straddles. Attach a separate schedule listing each straddle and its components.

Section A – Losses From Straddles

	(a) Description of property	(b) Date entered into or acquired	(c) Date closed out or sold	(d) Gross sales price	(e) Cost or other basis plus expense of sale	(f) Loss. If column (e) is more than (d), enter difference. Otherwise, enter -0-	(g) Unrecognized gain on offsetting positions	(h) Recognized loss for entire year. If column (f) is more than (g), enter difference. Otherwise, enter -0-	(i) 28% rate loss (see instructions below)	(j) Post-May 5 loss (see instructions)
10										

11a Enter the short-term portion of losses from line 10, columns (h) and (j), here and include on the appropriate line of Schedule D (see instructions) 11a

b Enter the long-term portion of losses from line 10, columns (h), (i), and (j), here and include on the appropriate line of Schedule D (see instructions) 11b

Section B – Gains From Straddles

	(a) Description of property	(b) Date entered into or acquired	(c) Date closed out or sold	(d) Gross sales price	(e) Cost or other basis plus expense of sale	(f) Gain for entire year. If column (d) is more than (e), enter difference. Otherwise, enter -0-	(g) 28% rate gain (see instructions below)	(h) Post-May 5 gain (see instructions)
12								

13a Enter the short-term portion of gains from line 12, columns (f) and (h), here and include on the appropriate line of Schedule D (see instructions) 13a

b Enter the long-term portion of gains from line 12, columns (f), (g), and (h), here and include on the appropriate line of Schedule D (see instructions) 13b

Part III Unrecognized Gains From Positions Held on Last Day of Tax Year. Memo Entry Only (see instructions)

	(a) Description of property	(b) Date acquired	(c) Fair market value on last business day of tax year	(d) Cost or other basis as adjusted	(e) Unrecognized gain. If column (c) is more than (d), enter difference. Otherwise, enter -0-
14					

* 28% rate gain or loss includes all 'collectibles gains and losses' and up to 50% of the eligible gain on qualified small business stock. See instructions for Schedule D (Form 1040).

BAA For Paperwork Reduction Act Notice, see separate instructions. FDIZ0601L 12/23/03 Form 6781 (2003)

Form **1040** Department of the Treasury — Internal Revenue Service
U.S. Individual Income Tax Return 2004
(99) IRS Use Only — Do not write or staple in this space.

For the year Jan 1 - Dec 31, 2004, or other tax year beginning , 2004, ending , 20 OMB No. 1545-0074

Label (See instructions.)
Use the IRS label. Otherwise, please print or type.

Your first name MI Last name — Your social security number
PHILIP PALMEDO

If a joint return, spouse's first name MI Last name
ELISABETH PALMEDO

Home address (number and street). If you have a P.O. box, see instructions. Apartment no.
4 PIPER LANE

City, town or post office. If you have a foreign address, see instructions. State ZIP code
ST JAMES, NY 11780

Important! You **must** enter your social security number(s) above.

Presidential Election Campaign (See instructions.)
Note: Checking 'Yes' will not change your tax or reduce your refund.
Do you, or your spouse if filing a joint return, want $3 to go to this fund? ► You ☐ Yes ☐ No Spouse ☐ Yes ☐ No

Filing Status
Check only one box.
1 ☐ Single
2 ☒ Married filing jointly (even if only one had income)
3 ☐ Married filing separately. Enter spouse's SSN above & full name here. . ►
4 ☐ Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ►
5 ☐ Qualifying widow(er) with dependent child (see instructions)

Exemptions
6a ☒ **Yourself.** If someone can claim you as a dependent, **do not** check box 6a — Boxes checked on 6a and 6b: 2
b ☒ **Spouse**

c Dependents: (1) First name Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) ✓ if qualifying child for child tax credit (see instrs)
			☐
			☐
			☐
			☐

No. of children on 6c who: • lived with you; • did not live with you due to divorce or separation (see instrs); Dependents on 6c not entered above.
If more than four dependents, see instructions.
d Total number of exemptions claimed — Add numbers on lines above ► 2

Income
Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.
If you did not get a W-2, see instructions.
Enclose, but do not attach, any payment. Also, please use Form 1040-V.

7	Wages, salaries, tips, etc. Attach Form(s) W-2		7	15,000.
8a	**Taxable** interest. Attach Schedule B if required		8a	157,278.
b	**Tax-exempt** interest. **Do not** include on line 8a	8b 3,838.		
9a	Ordinary dividends. Attach Schedule B if required		9a	91,871.
b	Qualfd divs (see instrs)	9b 60,840.		
10	Taxable refunds, credits, or offsets of state and local income taxes (see instructions)		10	25,439.
11	Alimony received		11	
12	Business income or (loss). Attach Schedule C or C-EZ		12	
13	Capital gain or (loss). Att Sch D if reqd. If not reqd, ck here ► ☐		13	1,103,827.
14	Other gains or (losses). Attach Form 4797		14	154,642.
15a	IRA distributions 15a	b Taxable amount (see instrs)	15b	36,741.
16a	Pensions and annuities 16a	b Taxable amount (see instrs)	16b	59,535.
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E		17	-153,124.
18	Farm income or (loss). Attach Schedule F		18	
19	Unemployment compensation		19	
20a	Social security benefits 20a 29,997.	b Taxable amount (see instrs)	20b	25,497.
21	Other income SEE STATEMENT 1		21	61,657.
22	Add the amounts in the far right column for lines 7 through 21. This is your **total income** ►		22	1,578,363.

Adjusted Gross Income

23	Educator expenses (see instructions)	23		
24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ	24		
25	IRA deduction (see instructions)	25		
26	Student loan interest deduction (see instructions)	26		
27	Tuition and fees deduction (see instructions)	27		
28	Health savings account deduction. Attach Form 8889	28		
29	Moving expenses. Attach Form 3903	29		
30	One-half of self-employment tax. Attach Schedule SE	30 551.		
31	Self-employed health insurance deduction (see instrs)	31		
32	Self-employed SEP, SIMPLE, and qualified plans	32		
33	Penalty on early withdrawal of savings	33		
34a	Alimony paid b Recipient's SSN ►	34a		
35	Add lines 23 through 34a		35	551.
36	Subtract line 35 from line 22. This is your **adjusted gross income** ►		36	1,577,812.

Form **1040** (2004) PHILIP AND ELISABETH PALMEDO Page **2**

Tax and Credits

Standard Deduction for — • People who checked any box on line 38a or 38b **or** who can be claimed as a dependent, see instructions. • All others: Single or Married filing separately, $4,850; Married filing jointly or Qualifying widow(er), $9,700; Head of household, $7,150

37	Amount from line 36 (adjusted gross income)		1,577,812.
38a	Check if: [X] **You** were born before January 2, 1940, [ ] Blind. [X] **Spouse** was born before January 2, 1940, [ ] Blind. **Total boxes checked** ► 38a 2		
b	If your spouse itemizes on a separate return, or you were a dual-status alien, see instructions and check here ► 38b [ ]		
39	**Itemized deductions** (from Schedule A) **or** your **standard deduction** (see left margin)		235,695.
40	Subtract line 39 from line 37		1,342,117.
41	If line 37 is $107,025 or less, multiply $3,100 by the total number of exemptions claimed on line 6d. If line 37 is over $107,025, see the worksheet in the instructions		0.
42	**Taxable income.** Subtract line 41 from line 40. If line 41 is more than line 40, enter -0-		1,342,117.
43	**Tax** (see instrs). Check if any tax is from: **a** [ ] Form(s) 8814 **b** [ ] Form 4972		285,093.
44	**Alternative minimum tax** (see instructions). Attach Form 6251		27,450.
45	Add lines 43 and 44 ►		312,543.
46	Foreign tax credit. Attach Form 1116 if required	1,077.	
47	Credit for child and dependent care expenses. Attach Form 2441		
48	Credit for the elderly or the disabled. Attach Schedule R		
49	Education credits. Attach Form 8863		
50	Retirement savings contributions credit. Attach Form 8880		
51	Child tax credit (see instructions)		
52	Adoption credit. Attach Form 8839		
53	Credits from: **a** [ ] Form 8396 **b** [ ] Form 8859		
54	Other credits. Check applicable box(es): **a** [ ] Form 3800 **b** [ ] Form 8801 **c** [ ] Specify		
55	Add lines 46 through 54. These are your **total credits**		1,077.
56	Subtract line 55 from line 45. If line 55 is more than line 45, enter -0- ►		311,466.

Other Taxes

57	Self-employment tax. Attach Schedule SE		1,101.
58	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137		
59	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required		
60	Advance earned income credit payments from Form(s) W-2		
61	Household employment taxes. Attach Schedule H		
62	Add lines 56-61. This is your **total tax** ►		312,567.

Payments

If you have a qualifying child, attach Schedule EIC.

63	Federal income tax withheld from Forms W-2 and 1099	4,676.	
64	2004 estimated tax payments and amount applied from 2003 return	396,241.	
65a	**Earned income credit (EIC)**		
b	Nontaxable combat pay election ► 65b		
66	Excess social security and tier 1 RRTA tax withheld (see instructions)		
67	Additional child tax credit. Attach Form 8812		
68	Amount paid with request for extension to file (see instructions)	28,000.	
69	Other pmts from: **a** [ ] Form 2439 **b** [ ] Form 4136 **c** [ ] Form 8885		
70	Add lines 63, 64, 65a, and 66 through 69. These are your **total payments** ►		428,917.

Refund

Direct deposit? See instructions and fill in 72b, 72c, and 72d.

71	If line 70 is more than line 62, subtract line 62 from line 70. This is the amount you **overpaid**		116,350.
72a	Amount of line 71 you want **refunded to you** ►		0.
b	Routing number ► c Type: [ ] Checking [ ] Savings		
d	Account number		
73	Amount of line 71 you want **applied to your 2005 estimated tax** ►	116,350.	

Amount You Owe

74	**Amount you owe.** Subtract line 70 from line 62. For details on how to pay, see instructions ►		
75	Estimated tax penalty (see instructions)		

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see instructions)? [X] **Yes.** Complete the following. [ ] **No**

Designee's name ► MICHAEL R. REEVES, CPA Phone no. ► (631) 751-5225 Personal identification number (PIN) ► 69835

Sign Here

Joint return? See instructions. Keep a copy for your records.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature	Date	Your occupation	Daytime phone number
►		CONSULTANT	
Spouse's signature. If a joint return, **both** must sign.	Date	Spouse's occupation	
►		H/W	

Paid Preparer's Use Only

Preparer's signature ►	Date 10/13/05	Check if self-employed [ ]	Preparer's SSN or PTIN REDACTED
Firm's name (or yours if self-employed), address, and ZIP code ►	SINI & REEVES, L.L.P. 348 MAIN STREET (RTE 25A) SETAUKET, NY 11733	EIN	Phone no. (631) 751-5225

Form **1040** (2004)

FDIA0112L 11/10/04

Schedule **A & B** (Form 1040) 2004

2

Name(s) shown on Form 1040.

PHILIP AND ELISABETH PALMEDO

Schedule B — Interest and Ordinary Dividends

08

Part I Interest

(See instructions for Form 1040, line 8a.)

Note. If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

			Amount
1	List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see the instructions and list this interest first. Also, show that buyer's social security number and address ►		
	SEE STATEMENT 7	1	
2	Add the amounts on line 1	2	157,278.
3	Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815	3	
4	Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a ►	4	157,278.

Note. If line 4 is over $1,500, you must complete Part III.

Part II Ordinary Dividends

(See instructions for Form 1040, line 9a.)

Note. If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

			Amount
5	List name of payer ►		
	BEACON TRUST CO		24,733.
	BERNARD MADOFF INV SEC		13,011.
	BUCKEYE PARTNERS, LP		116.
	FIDELITY		14,650.
	FIDELITY CASH RES		103.
	FIDELITY FUND		821.
	FIDELITY GINNIE MAE		1,304.
	FIDELITY INTL DISCOVERY		743.
	LIGHTHOUSE DIVERSIFIED-BUS INC		4,744.
	LIGHTHOUSE DIVERSIFIED-INV INC	5	4,244.
	MEDALLION FUND		4,519.
	PHIL PALMEDO LTD PTR		16,208.
	PHIL PALMEDO LTD PTR		6,356.
	PROCTOR & GAMBLE-FINAL 04		186.
	SUNTRUST BANK		49.
	THE DOW CHEMICAL CO.		84.
6	Add the amounts on line 5. Enter the total here and on Form 1040, line 9a ►	6	91,871.

Note. If line 6 is over $1,500, you must complete Part III.

Part III Foreign Accounts and Trusts

(See instructions.)

		Yes	No
	You must complete this part if you **(a)** had over $1,500 of taxable interest or ordinary dividends; or **(b)** had a foreign account; or **(c)** received a distribution from, or were a grantor of, or a transferor to, a foreign trust.		
7a	At any time during 2004, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See instructions for exceptions and filing requirements for Form TD F 90-22.1		X
b	If 'Yes,' enter the name of the foreign country ►		
8	During 2004, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If 'Yes,' you may have to file Form 3520. See instructions		X

PHILIP F PALMEDO

Trading Accounts #1-CM142-3-0 & 1-CM142-4-0
U.S. Treasury Bills
For the Period 01/01/04 thru 12/31/04

	DATE BOUGHT	COST	DATE SOLD	SELLING PRICE	INTEREST INCOME
U.S. TREASURY BILL DUE 4/22/04	31-Dec-03	373,942.50	08-Jan-04	374,025.00	82.50
U.S. TREASURY BILL DUE 4/29/04	31-Dec-03	373,875.00	08-Jan-04	373,961.25	86.25
U.S. TREASURY BILL DUE 07/15/04	24-Feb-04	74,721.75	06-Apr-04	74,808.00	86.25
U.S. TREASURY BILL DUE 07/22/04	24-Feb-04	74,699.25	06-Apr-04	74,793.00	93.75
U.S. TREASURY BILL DUE 07/29/04	25-Feb-04	273,850.50	06-Apr-04	274,180.50	330.00
U.S. TREASURY BILL DUE 08/05/04	25-Feb-04	273,787.25	06-Apr-04	274,131.00	343.75
U.S. TREASURY BILL DUE 08/19/04	06-Apr-04	49,818.00	06-Apr-04	49,835.50	17.50
U.S. TREASURY BILL DUE 09/02/04	19-Apr-04	74,735.75	09-Jun-04	74,785.50	49.75
U.S. TREASURY BILL DUE 10/14/04	25-May-04	671,834.25	09-Jun-04	671,901.75	67.50
U.S. TREASURY BILL DUE 10/28/04	18-Jun-04	24,868.00	18-Aug-04	24,931.00	63.00
U.S. TREASURY BILL DUE 12/02/04	28-Jun-04	372,401.25	18-Aug-04	373,342.50	941.25
U.S. TREASURY BILL DUE 12/09/04	28-Jun-04	372,180.00	18-Aug-04	373,200.00	1,020.00
U.S. TREASURY BILL DUE 12/23/04	22-Sep-04	398,292.00	08-Nov-04	399,060.00	768.00
U.S. TREASURY BILL DUE 12/16/04	22-Sep-04	398,452.00	08-Nov-04	399,224.00	772.00
U.S. TREASURY BILL DUE 2/03/05	31-Dec-04	398,736.00	31-Dec-04	399,376.00	640.00
U.S. TREASURY BILL DUE 2/10/05	31-Dec-04	398,560.00	31-Dec-04	399,204.00	644.00
		4,604,753.50		**4,610,759.00**	**6,005.50**

OPEN POSITIONS AT 12/31/04:

U.S. TREASURY BILL DUE 4/07/05	31-Dec-04	397,584.00
U.S. TREASURY BILL DUE 4/14/05	31-Dec-04	397,344.00

PALMEDO-ALBANESE 000051

PHILIP F PALMEDO

Trading Accounts #1-CM142-3-0 & 1-CM142-4-0
Gain/(Loss) on Sale of Securities
For the Period 01/01/04 thru 12/31/04

STOCKS	DATE BOUGHT	# OF SHARES	COST	DATE SOLD	# OF SHARES	SELLING PRICE	NET GAIN OR (LOSS)
J.P. MORGAN CHASE & CO	08-Nov-04	645	24,974.40	10-Dec-04	645	24,542.25	(432.15)
COCA COLA CO	08-Nov-04	435	17,721.90	10-Dec-04	435	17,508.75	(213.15)
MEDTRONIC INC	08-Nov-04	225	11,533.50	10-Dec-04	225	11,002.50	(531.00)
3M COMPANY	08-Nov-04	135	10,161.45	10-Dec-04	135	10,705.50	544.05
ALTRIA GROUP INC	08-Nov-04	375	18,517.50	10-Dec-04	375	21,735.00	3,217.50
MERCK & CO	08-Nov-04	405	11,020.05	10-Dec-04	405	11,425.05	405.00
MICROSOFT CORP	08-Nov-04	1,965	55,845.30	10-Dec-04	1,965	53,565.90	(2,279.40)
MORGAN STANLEY	08-Nov-04	195	10,233.60	10-Dec-04	195	10,446.15	212.55
AMERICAN INTL GROUP INC	08-Nov-04	465	27,890.70	10-Dec-04	465	30,043.65	2,152.95
ORACLE CORPORATION	08-Nov-04	930	11,904.00	10-Dec-04	930	12,359.70	455.70
AMGEN INC	08-Nov-04	240	13,718.40	10-Dec-04	240	15,028.80	1,310.40
PEPSICO INC	08-Nov-04	300	15,009.00	10-Dec-04	300	15,183.00	174.00
AMERICAN EXPRESS COMPANY	08-Nov-04	225	12,195.00	10-Dec-04	225	12,528.00	333.00
PFIZER INC	08-Nov-04	1,365	40,212.90	10-Dec-04	1,365	37,482.90	(2,730.00)
BANK OF AMERICA	08-Nov-04	735	33,538.05	10-Dec-04	735	33,957.00	418.95
PROCTER & GAMBLE CO	08-Nov-04	465	23,905.65	10-Dec-04	465	25,263.45	1,357.80
CITI GROUP INC	08-Nov-04	930	42,045.30	10-Dec-04	930	43,040.40	995.10
SBC COMMUNICATIONS INC	08-Nov-04	600	15,420.00	10-Dec-04	600	15,342.00	(78.00)
CISCO SYSTEMS INC	08-Nov-04	1,215	23,473.80	10-Dec-04	1,215	24,385.05	911.25
TIME WARNER INC	08-Nov-04	825	13,620.75	10-Dec-04	825	15,081.00	1,460.25
DELL INC	08-Nov-04	450	16,186.50	10-Dec-04	450	18,693.00	2,506.50
TYCO INTERNATIONAL	08-Nov-04	360	11,764.80	10-Dec-04	360	12,182.40	417.60
THE WALT DISNEY CO	08-Nov-04	375	9,581.25	10-Dec-04	375	10,200.00	618.75
U S BANCORP	08-Nov-04	345	9,960.15	10-Dec-04	345	10,153.35	193.20
GENERAL ELECTRIC CO	08-Nov-04	1,920	65,587.20	10-Dec-04	1,920	67,891.20	2,304.00
VIACOM INC	08-Nov-04	315	11,516.40	10-Dec-04	315	11,371.50	(144.90)
HOME DEPOT INC	08-Nov-04	405	16,588.80	10-Dec-04	405	16,989.75	400.95
VERIZON COMMUNICATIONS	08-Nov-04	495	20,022.75	10-Dec-04	495	20,572.20	549.45
HEWLETT PACKARD CO	08-Nov-04	540	10,270.80	10-Dec-04	540	11,507.40	1,236.60
WELLS FARGO & CO	08-Nov-04	300	17,958.00	10-Dec-04	300	18,630.00	672.00
INTERNATIONAL BUSINESS MAC	08-Nov-04	300	27,339.00	10-Dec-04	300	29,196.00	1,857.00
WAL-MART STORES	08-Nov-04	765	41,401.80	10-Dec-04	765	40,369.05	(1,032.75)
INTEL	08-Nov-04	1,170	26,418.60	10-Dec-04	1,170	27,799.20	1,380.60
EXXON MOBIL	08-Nov-04	1,185	57,839.85	10-Dec-04	1,185	58,847.10	1,007.25
JOHNSON AND JOHNSON	08-Nov-04	540	31,989.60	10-Dec-04	540	33,021.00	1,031.40
			3,780,945.39			**3,848,228.63**	**67,283.24**

PALMEDO-ALBANESE 000052

PHILIP F PALMEDO

Trading Accounts #1-CM142-3-0 & 1-CM142-4-0
Fidelity Cash Reserve Activity
For the Period 01/01/04 thru 12/31/04

	DATE BOUGHT	# OF SHARES	COST	DATE SOLD	# OF SHARES	SELLING PRICE
FIDELITY SPARTAN US TREAS MM	31-Dec-03	14,740	14,740.00	08-Jan-04	14,740	14,740.00
FIDELITY SPARTAN US TREAS MM	09-Jan-04	43,967	43,967.00	06-Apr-04	43,967	43,967.00
FIDELITY SPARTAN US TREAS MM	22-Jan-04	3,833	3,833.00	06-Apr-04	3,833	3,833.00
FIDELITY SPARTAN US TREAS MM	30-Jan-04	43	43.00	06-Apr-04	43	43.00
FIDELITY SPARTAN US TREAS MM	23-Feb-04	312	312.00	06-Apr-04	312	312.00
FIDELITY SPARTAN US TREAS MM	25-Feb-04	30,588	30,588.00	06-Apr-04	30,588	30,588.00
FIDELITY SPARTAN US TREAS MM	27-Feb-04	780	780.00	06-Apr-04	780	780.00
FIDELITY SPARTAN US TREAS MM	31-Mar-04	832	832.00	06-Apr-04	832	832.00
FIDELITY SPARTAN US TREAS MM	06-Apr-04	14,150	14,150.00	06-Apr-04	14,150	14,150.00
FIDELITY SPARTAN US TREAS MM	19-Apr-04	11,342	11,342.00	09-Jun-04	11,342	11,342.00
FIDELITY SPARTAN US TREAS MM	26-Apr-04	3,094	3,094.00	09-Jun-04	3,094	3,094.00
FIDELITY SPARTAN US TREAS MM	30-Apr-04	148	148.00	09-Jun-04	148	148.00
FIDELITY SPARTAN US TREAS MM	18-May-04	7,097	7,097.00	09-Jun-04	7,097	7,097.00
FIDELITY SPARTAN US TREAS MM	24-May-04	104	104.00	09-Jun-04	104	104.00
FIDELITY SPARTAN US TREAS MM	25-May-04	20,626	20,626.00	09-Jun-04	20,626	20,626.00
FIDELITY SPARTAN US TREAS MM	28-May-04	791	791.00	09-Jun-04	791	791.00
FIDELITY SPARTAN US TREAS MM	09-Jun-04	23,198	23,198.00	18-Jun-04	23,198	23,198.00
FIDELITY SPARTAN US TREAS MM	16-Jun-04	7,952	7,952.00	18-Jun-04	7,952	7,952.00
FIDELITY SPARTAN US TREAS MM	18-Jun-04	3,080	3,080.00	18-Aug-04	3,080	3,080.00
FIDELITY SPARTAN US TREAS MM	21-Jun-04	931	931.00	18-Aug-04	931	931.00
FIDELITY SPARTAN US TREAS MM	28-Jun-04	28,971	28,971.00	18-Aug-04	28,971	28,971.00
FIDELITY SPARTAN US TREAS MM	30-Jun-04	100	100.00	18-Aug-04	100	100.00
FIDELITY SPARTAN US TREAS MM	30-Jul-04	374	374.00	18-Aug-04	374	374.00
FIDELITY SPARTAN US TREAS MM	18-Aug-04	22,923	22,923.00	18-Aug-04	22,923	22,923.00
FIDELITY SPARTAN US TREAS MM	25-Aug-04	14,856	14,856.00	08-Nov-04	14,856	14,856.00
FIDELITY SPARTAN US TREAS MM	22-Sep-04	332	332.00	08-Nov-04	332	332.00
FIDELITY SPARTAN US TREAS MM	30-Sep-04	12,222	12,222.00	08-Nov-04	12,222	12,222.00
FIDELITY SPARTAN US TREAS MM	29-Oct-04	583	583.00	08-Nov-04	583	583.00
FIDELITY SPARTAN US TREAS MM	04-Nov-04	2,220	2,220.00	08-Nov-04	2,220	2,220.00
FIDELITY SPARTAN US TREAS MM	08-Nov-04	21,187	21,187.00	08-Nov-04	21,187	21,187.00
FIDELITY SPARTAN US TREAS MM	22-Nov-04	2,853	2,853.00	31-Dec-04	2,853	2,853.00
FIDELITY SPARTAN US TREAS MM	08-Dec-04	2,295	2,295.00	31-Dec-04	2,295	2,295.00
FIDELITY SPARTAN US TREAS MM	10-Dec-04	30,753	30,753.00	31-Dec-04	30,753	30,753.00
			327,277.00			**327,277.00**

OPEN POSITIONS AT 12/31/04:

FIDELITY SPARTAN US TREAS MM	23-Dec-04	46,958

PALMEDO-ALBANESE 000053

PHILIP F PALMEDO

Trading Accounts #1-CM142-3-0 & 1-CM142-4-0
Gain/(Loss) on Sale of Securities
For the Period 01/01/04 thru 12/31/04

SECTION 1256 CONTRACTS	DATE BOUGHT	# OF SHARES	COST	DATE SOLD	# OF SHARES	SELLING PRICE	NET GAIN OR (LOSS)	SHORT TERM GAIN OR (LOSS)	LONG TERM GAIN OR (LOSS)
S & P 100 INDEX JAN 560 CALL	20-Jan-04	13	2,873.00	06-Jan-04	13	5,187.00	2,314.00	925.60	1,388.40
S & P 100 INDEX JAN 550 PUT	06-Jan-04	13	5,993.00	20-Jan-04	13	0.00	(5,993.00)	(2,397.20)	(3,595.80)
S & P 100 INDEX FEB 570 CALL	23-Feb-04	13	0.00	20-Jan-04	13	7,787.00	7,787.00	3,114.80	4,672.20
S & P 100 INDEX FEB 560 PUT	20-Jan-04	13	10,283.00	23-Feb-04	13	312.00	(9,971.00)	(3,988.40)	(5,982.60)
S & P 100 INDEX APRIL 560 CALL	19-Apr-04	13	0.00	02-Apr-04	13	5,057.00	5,057.00	2,022.80	3,034.20
S & P 100 INDEX APRIL 550 PUT	02-Apr-04	13	6,253.00	19-Apr-04	13	1,092.00	(5,161.00)	(2,064.40)	(3,096.60)
S & P 100 INDEX MAY 560 CALL	23-Apr-04	26	3,978.00	19-Apr-04	26	16,094.00	12,116.00	4,846.40	7,269.60
S & P 100 INDEX MAY 555 PUT	19-Apr-04	13	13,013.00	16-Apr-04	13	31,980.00	18,967.00	7,586.80	11,380.20
S & P 100 INDEX MAY 535 CALL	21-May-04	13	1,833.00	18-May-04	13	4,927.00	3,094.00	1,237.60	1,856.40
S & P 100 INDEX MAY 530 PUT	18-May-04	13	4,823.00	21-May-04	13	1,937.00	(2,886.00)	(1,154.40)	(1,731.60)
S & P 100 INDEX JUNE 555 CALL	15-Jun-04	14	1,274.00	07-Jun-04	14	3,766.00	2,492.00	996.80	1,495.20
S & P 100 INDEX JUNE 545 PUT	07-Jun-04	14	6,314.00	18-Jun-04	14	616.00	(5,698.00)	(2,279.20)	(3,418.80)
S & P 100 INDEX JUNE 550 CALL	16-Jun-04	14	3,654.00	16-Jun-04	14	9,226.00	5,572.00	2,228.80	3,343.20
S & P 100 INDEX JULY 555 CALL	24-Jun-04	14	8,694.00	18-Jun-04	14	9,786.00	1,092.00	436.80	655.20
S & P 100 INDEX JULY 550 PUT	18-Jun-04	14	9,954.00	24-Jun-04	14	7,546.00	(2,408.00)	(963.20)	(1,444.80)
S & P 100 INDEX AUG 530 CALL	16-Aug-04	15	4,515.00	23-Aug-04	15	1,485.00	(3,030.00)	(1,212.00)	(1,818.00)
S & P 100 INDEX AUG 520 PUT	16-Aug-04	15	5,265.00	23-Aug-04	15	75.00	(5,190.00)	(2,076.00)	(3,114.00)
S & P 100 INDEX SEPT 540 CALL	23-Aug-04	15	7,665.00	23-Aug-04	15	8,985.00	1,320.00	528.00	792.00
S & P 100 INDEX SEPT 535 PUT	23-Aug-04	15	12,615.00	20-Sep-04	15	0.00	(12,615.00)	(5,046.00)	(7,569.00)
S & P 100 INDEX NOV 550 CALL	22-Nov-04	15	16,065.00	04-Nov-04	15	7,185.00	(8,880.00)	(3,552.00)	(5,328.00)
S & P 100 INDEX NOV 540 PUT	04-Nov-04	15	4,965.00	22-Nov-04	15	0.00	(4,965.00)	(1,986.00)	(2,979.00)
S & P 100 INDEX DEC 570 CALL	22-Nov-04	15	2,790.00	22-Nov-04	15	6,885.00	4,095.00	1,638.00	2,457.00
S & P 100 INDEX DEC 560 PUT	22-Nov-04	15	9,165.00	22-Nov-04	15	5,085.00	(4,080.00)	(1,632.00)	(2,448.00)
		Totals	141,984.00			135,013.00	(6,971.00)	(2,788.40)	(4,182.60)

Form **1040** Department of the Treasury — Internal Revenue Service
U.S. Individual Income Tax Return 2005

(99) IRS Use Only — Do not write or staple in this space.

For the year Jan 1 - Dec 31, 2005, or other tax year beginning , 2005, ending , 20 — OMB No. 1545-0074

Label (See instructions.)

Your first name MI Last name: PHILIP PALMEDO — Your social security number: REDACTED

If a joint return, spouse's first name MI Last name: ELISABETH PALMEDO

Use the IRS label. Otherwise, please print or type.

Home address (number and street). If you have a P.O. box, see instructions. Apartment no.: 4 PIPER LANE

City, town or post office. If you have a foreign address, see instructions. State ZIP code: ST JAMES, NY 11780

You **must** enter your social security number(s) above.

Presidential Election Campaign — Check here if you, or your spouse if filing jointly, want $3 to go to this fund? (see instructions) ☐ You ☐ Spouse
Checking a box below will not change your tax or refund.

Filing Status
1 ☐ Single
2 ☒ Married filing jointly (even if only one had income)
3 ☐ Married filing separately. Enter spouse's SSN above & full name here
4 ☐ Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here
5 ☐ Qualifying widow(er) with dependent child (see instructions)

Check only one box.

Exemptions
6a ☒ **Yourself.** If someone can claim you as a dependent, **do not** check box 6a
b ☒ **Spouse**
Boxes checked on 6a and 6b: 2

c Dependents:

(1) First name Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) ✓ if qualifying child for child tax credit (see instrs)
			☐
			☐
			☐
			☐

No. of children on 6c who: • lived with you • did not live with you due to divorce or separation (see instrs) — Dependents on 6c not entered above

If more than four dependents, see instructions.

d Total number of exemptions claimed — Add numbers on lines above: 2

Income

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.
If you did not get a W-2, see instructions.
Enclose, but do not attach, any payment. Also, please use Form 1040-V.

7	Wages, salaries, tips, etc. Attach Form(s) W-2		15,000.
8a	**Taxable** interest. Attach Schedule B if required		152,913.
8b	**Tax-exempt** interest. **Do not** include on line 8a	4,779.	
9a	Ordinary dividends. Attach Schedule B if required		174,922.
9b	Qualfd divs (see instrs)	130,201.	
10	Taxable refunds, credits, or offsets of state and local income taxes (see instructions)		
11	Alimony received		
12	Business income or (loss). Attach Schedule C or C-EZ		
13	Capital gain or (loss). Att Sch D if reqd. If not reqd, ck here ☐		863,580.
14	Other gains or (losses). Attach Form 4797		50,070.
15a/15b	IRA distributions 15a — b Taxable amount (see instrs)		40,536.
16a/16b	Pensions and annuities 16a — b Taxable amount (see instrs)		60,521.
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E		-192,705.
18	Farm income or (loss). Attach Schedule F		
19	Unemployment compensation		
20a/20b	Social security benefits 20a 19,862. b Taxable amount (see instrs)		16,883.
21	Other income SEE STATEMENT 1		76,277.
22	Add the amounts in the far right column for lines 7 through 21. This is your **total income**		1,257,997.

Adjusted Gross Income

23	Educator expenses (see instructions)		
24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ		
25	Health savings account deduction. Attach Form 8889		
26	Moving expenses. Attach Form 3903		
27	One-half of self-employment tax. Attach Schedule SE	2,098.	
28	Self-employed SEP, SIMPLE, and qualified plans		
29	Self-employed health insurance deduction (see instructions)		
30	Penalty on early withdrawal of savings		
31a	Alimony paid b Recipient's SSN		
32	IRA deduction (see instructions)		
33	Student loan interest deduction (see instructions)		
34	Tuition and fees deduction (see instructions)		
35	Domestic production activities deduction. Attach Form 8903		
36	Add lines 23 - 31a and 32 - 35		2,098.
37	Subtract line 36 from line 22. This is your **adjusted gross income**		1,255,899.

BAA For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see instructions. FDIA0112L 11/07/05 Form **1040** (2005)

PHILIP AND ELISABETH PALMEDO REDACTED Page 2

38	Amount from line 37 (adjusted gross income)		38	1,255,899.
39a	Check if: [X] You were born before January 2, 1941, [ ] Blind. [X] Spouse was born before January 2, 1941, [ ] Blind. Total boxes checked ► 39a 2			
b	If your spouse itemizes on a separate return, or you were a dual-status alien, see instructions and check here ► 39b [ ]			
40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)		40	219,790.
41	Subtract line 40 from line 38		41	1,036,109.
42	If line 38 is over $109,475, or you provided housing to a person displaced by Hurricane Katrina, see instructions. Otherwise, multiply $3,200 by the total number of exemptions claimed on line 6d		42	0.
43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-		43	1,036,109.
44	Tax (see instrs). Check if any tax is from: a [ ] Form(s) 8814 b [ ] Form 4972		44	189,899.
45	Alternative minimum tax (see instructions). Attach Form 6251		45	31,001.
46	Add lines 44 and 45 ►		46	220,900.
47	Foreign tax credit. Attach Form 1116 if required	47 898.		
48	Credit for child and dependent care expenses. Attach Form 2441	48		
49	Credit for the elderly or the disabled. Attach Schedule R	49		
50	Education credits. Attach Form 8863	50		
51	Retirement savings contributions credit. Attach Form 8880	51		
52	Child tax credit (see instructions). Attach Form 8901 if required	52		
53	Adoption credit. Attach Form 8839	53		
54	Credits from: a [ ] Form 8396 b [ ] Form 8859	54		
55	Other credits. Check applicable box(es): a [ ] Form 3800 b [ ] Form 8801 c [ ] Form	55		
56	Add lines 47 through 55. These are your total credits		56	898.
57	Subtract line 56 from line 46. If line 56 is more than line 46, enter -0- ►		57	220,002.

Standard Deduction for — • People who checked any box on line 39a or 39b or who can be claimed as a dependent, see instructions. • All others: Single or Married filing separately, $5,000. Married filing jointly or Qualifying widow(er), $10,000. Head of household, $7,300

Other Taxes

58	Self-employment tax. Attach Schedule SE		58	4,195.
59	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137		59	
60	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required		60	
61	Advance earned income credit payments from Form(s) W-2		61	
62	Household employment taxes. Attach Schedule H		62	
63	Add lines 57-62. This is your total tax ►		63	224,197.

Payments

If you have a qualifying child, attach Schedule EIC.

64	Federal income tax withheld from Forms W-2 and 1099	64 4,565.		
65	2005 estimated tax payments and amount applied from 2004 return	65 268,350.		
66a	Earned income credit (EIC)	66a		
b	Nontaxable combat pay election ► 66b			
67	Excess social security and tier 1 RRTA tax withheld (see instructions)	67		
68	Additional child tax credit. Attach Form 8812	68		
69	Amount paid with request for extension to file (see instructions)	69 75,000.		
70	Payments from: a [ ] Form 2439 b [ ] Form 4136 c [ ] Form 8885	70		
71	Add lines 64, 65, 66a, and 67 through 70. These are your total payments ►		71	347,915.

Refund

Direct deposit? See instructions and fill in 73b, 73c, and 73d.

72	If line 71 is more than line 63, subtract line 63 from line 71. This is the amount you overpaid		72	123,718.
73a	Amount of line 72 you want refunded to you ►		73a	0.
b	Routing number ► c Type: [ ] Checking [ ] Savings			
d	Account number			
74	Amount of line 72 you want applied to your 2006 estimated tax ►	74 123,386.		

Amount You Owe

75	Amount you owe. Subtract line 71 from line 63. For details on how to pay, see instructions ►		75	
76	Estimated tax penalty (see instructions)	76 332.		

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see instructions)? [X] Yes. Complete the following. [ ] No

Designee's name ► MICHAEL R. REEVES, CPA Phone no. ► (631) 751-5225 Personal identification number (PIN) ► 13195

Sign Here

Joint return? See instructions. Keep a copy for your records.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature ► | Date | Your occupation CONSULTANT | Daytime phone number

Spouse's signature. If a joint return, both must sign. ► | Date | Spouse's occupation H/W

COPY

Paid Preparer's Use Only

Preparer's signature ► MICHAEL R. REEVES, CPA | Date 10/12/06 | Check if self-employed [ ] | Preparer's SSN or PTIN REDACTED

Firm's name (or yours if self-employed), address, and ZIP code ► SINI & REEVES, L.L.P. 348 MAIN STREET (RTE 25A) SETAUKET, NY 11733 | EIN | Phone no. (631) 751-5225

Form 1040 (2005)

FDIA0112L 11/07/05

OMB No. 1545-0074 Page 2

PALMEDO

Your social security number REDACTED

Schedule B – Interest and Ordinary Dividends

Attachment Sequence No. 08

			Amount
	1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see the instructions and list this interest first. Also, show that buyer's social security number and address	1	
(See instructions and the instructions for Form 1040, line 8a.) Note. If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.	SEE STATEMENT 3		
	2 Add the amounts on line 1	2	152,913.
	3 Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815	3	
	4 Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a	4	152,913.

Note. If line 4 is over $1,500, you must complete Part III.

			Amount
Part II Ordinary Dividends	5 List name of payer	5	
	BEACON TRUST CO		24,585.
	BERNARD MADOFF INV SEC		(9,699.)
	BUCKEYE PARTNERS, LP		89.
(See instructions for Form 1040, line 9a.)	FIDELITY		32,495.
	FIDELITY CASH RESERVES		283.
	FIDELITY FUND		618.
	FIDELITY GINNIE MAE		1,497.
	FIDELITY INTL DISCOVERY		3,370.
Note. If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.	FIDELITY NEW YORK MUNI INCOME		36.
	KEPLER-OPTIMA PROTOTYPE FUND I		412.
	LIGHTHOUSE DIVERSIFIED-BUS INC		8,361.
	LIGHTHOUSE DIVERSIFIED-INV INC		2,670.
	MEDALLION FUND		2,054.
	PHIL PALMEDO LTD PTR		24,913.
	PHILIP PALMEDO LIMITED PARTNERSHIP		63,530.
	PHILIP PALMEDO LTD PARTENRSHIP-PTP		25.
	PHILIP PALMEDO LTD PTNRSP-PTP PORTION		63.
	SUNTRUST BANK		138.
	THE DOW CHEMICAL CO.		84.
	6 Add the amounts on line 5. Enter the total here and on Form 1040, line 9a	6	174,922.

Note. If line 6 is over $1,500, you must complete Part III.

Part III Foreign Accounts and Trusts (See instructions.)	You must complete this part if you **(a)** had over $1,500 of taxable interest or ordinary dividends; or **(b)** had a foreign account; or **(c)** received a distribution from, or were a grantor of, or a transferor to, a foreign trust.	Yes	No
	7a At any time during 2005, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See instructions for exceptions and filing requirements for Form TD F 90-22.1		X
	b If 'Yes,' enter the name of the foreign country		
	8 During 2005, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If 'Yes,' you may have to file Form 3520. See instructions		X

FEDERAL STATEMENTS

PHILIP AND ELISABETH PALMEDO

REDACTED

07:11PM

NT 1
0, LINE 21
INCOME

ILLE PRESS	$	2,500.
INVESTMENTS		12,000.
UCICARY TRUST COMPANY		89.
GYRODYNE COMPANY OF AMERICA		21,000.
GYRODYNE COMPANY OF AMERICA		29,688.
IRG LTD		11,000.
TOTAL	$	76,277.

STATEMENT 2
SCHEDULE A, LINE 22
OTHER EXPENSES

INVESTMENT EXP. FROM K-1	$	17,614.
INVESTMENT MGT FEES-PD TO BEACON		12,557.
SUNTRUST MGT FEES		318.
TAX LTR FEE PD TO BEACON		100.
TOTAL	$	30,589.

STATEMENT 3
SCHEDULE B, LINE 1
INTEREST INCOME

BERNARD L MADHOFF-US TREASURY	$	12,987.
BUCKEYE PARTNERS, LP		829.
CHASE-ESCROW		230.
ING DIRECT		10,644.
KEPLER ASSET MANAGEMENT LLC		669.
KEPLER-OPTIMA PROTOTYPE FUND I		168.
LIGHTHOUSE DIVERSIFIED-BUS INC		2,219.
LIGHTHOUSE DIVERSIFIED-BUS INC		62,658.
LIGHTHOUSE DIVERSIFIED-INV INC		3,517.
MEDALLION FUND		865.
MEDALLION FUND		9,609.
MP REALTY PARTNERS I, LP		164.
NORTH FORK BANK-NOW		137.
PHIL PALMEDO LTD PTR		12,616.
PHIL PALMEDO LTD PTR		745.
PHILIP PALMEDO LIMITED PARTNERSHIP		1,900.
PHILIP PALMEDO LIMITED PARTNERSHIP		32,171.
PHILIP PALMEDO LTD PARTENRSHIP-PTP		221.
PHILIP PALMEDO LTD PTNRSP-PTP PORTION		564.
TOTAL	$	152,913.

OMB No. 1545-0074

Continuation Sheet for Schedule D (Form 1040)

► See instructions for Schedule D (Form 1040).
► Attach to Schedule D to list additional transactions for lines 1 and 8.

2005
Attachment Sequence No. **12A**

Your social security number: REDACTED

SABETH PALMEDO

Term Capital Gains and Losses – Assets Held One Year or Less

of property shares XYZ Co)	(b) Date acquired (Mo, day, yr)	(c) Date sold (Mo, day, yr)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
SH CABOT OIL & GAS CP COM	11/10/05	12/05/05	9,012.	8,251.	761.
200 SH EXXON MOBIL CORP	1/18/05	2/03/05	10,892.	10,198.	694.
200 SH HANDLEMAN COMPANY	1/10/05	2/24/05	4,192.	3,912.	280.
200 SH KING PHARMACEUTICALS INC	1/18/05	4/22/05	1,582.	2,204.	-622.
400 SH MAGNUM HUNTER RES	1/10/05	1/26/05	5,892.	4,808.	1,084.
400 SH MICRON TECHNOLOGY	1/10/05	1/18/05	4,452.	4,580.	-128.
100 SH NUCOR CORP	11/29/04	1/25/05	5,392.	5,478.	-86.
100 SH OCCIDENTAL PETROLEUM CORP	11/10/05	11/25/03	7,884.	7,194.	690.
900 SH OVERSEAS SHIPHOLDING GR INC	VARIOUS	12/01/05	47,690.	57,232.	-9,542.
3200 SH PARAMETRIC TECH CORP	11/29/04	4/22/05	1,501.	1,799.	-298.
200 SH POGO PRODUCING CO	7/06/04	4/04/05	10,106.	9,010.	1,096.
200 SH RYERSON TULL INC NEW	11/15/04	4/22/05	2,232.	3,054.	-822.
500 SH SAFEWAY INC COM NEW FMLY	11/22/04	4/22/05	10,502.	9,463.	1,039.
5000 SH SALOMON BROTHERS GLO PRTN INC	VARIOUS	11/25/05	56,242.	67,540.	-11,298.
200 SH SWIFT ENERGY CO	2/08/05	3/14/05	5,616.	5,052.	564.
100 SH TESORO CORP COM	9/20/04	3/14/05	3,569.	2,808.	761.
300 SH UNUMPROVIDENT CORP	11/15/04	3/18/05	5,299.	4,043.	1,256.
100 SH VINTAGE PETE INC	1/18/05	2/10/05	2,492.	2,223.	269.
300 SH TRANSOCEAN INC-SHORT SALE	1/18/05	12/27/04	12,592.	13,043.	-451.
PER SUMMARY TREASURY BILL SALES	VARIOUS	VARIOUS	4,248,920.	4,248,920.	0.
PER SUMMARY SHORT TERM SALES	VARIOUS	VARIOUS	3,466,960.	3,384,379.	82,581.
PER SUMMARY FIDELITY CASH RESERVE	VARIOUS	VARIOUS	443,580.	443,580.	0.
55 SH PHH CORP	1/03/05	2/11/05	1,184.	1,177.	7.
425 SH CLOROX CO CALIF	1/03/05	3/01/05	25,852.	24,909.	943.
2 Totals. Add the amounts in column (d). Also, combine the amounts in column (f). Enter here and on Schedule D, line 2 ►		2	8,393,635.		68,778.

Gains and Losses From Section 1256 Contracts and Straddles

► Attach to your tax return.

OMB No. 1545-0644

2005

Attachment Sequence No. **82**

[illegible] PALMEDO

Identifying number: REDACTED

A [ ] Mixed straddle election
B [ ] Straddle-by-straddle identification election
C [ ] Mixed straddle account election
D [ ] Net section 1256 contracts loss election

[illegible] Contracts Marked to Market

(a) Identification of account	(b) (Loss)	(c) Gain
[illegible]	27.	29,367.
[illegible] 1256 CONTRACTS	21,922.	

2 [illegible] on line 1 in columns (b) and (c)	2	21,949.	29,367.
3 [illegible] Combine line 2, columns (b) and (c)	3		7,418.
4 [illegible] adjustments. See instructions [illegible] schedule	4		
5 Combine lines 3 and 4	5		7,418.

Note: If line 5 shows a net gain, skip line 6 and enter the gain on line 7. Partnerships and S corporations, see instructions.

6 If you have a net section 1256 contracts loss and checked box D above, enter the amount of loss to be carried back. Enter the loss as a positive number	6	
7 Combine lines 5 and 6	7	7,418.
8 **Short-term capital gain or (loss).** Multiply line 7 by 40% (.40). Enter here and include on the appropriate line of Schedule D (see instructions)	8	2,967.
9 **Long-term capital gain or (loss).** Multiply line 7 by 60% (.60). Enter here and include on the appropriate line of Schedule D (see instructions)	9	4,451.

Part II Gains and Losses From Straddles. Attach a separate schedule listing each straddle and its components.

Section A – Losses From Straddles

10 (a) Description of property	(b) Date entered into or acquired	(c) Date closed out or sold	(d) Gross sales price	(e) Cost or other basis plus expense of sale	(f) Loss. If column (e) is more than (d), enter difference. Otherwise, enter -0-	(g) Unrecognized gain on offsetting positions	(h) Recognized loss. If column (f) is more than (g), enter difference. Otherwise, enter -0-

11a Enter the short-term portion of losses from line 10, column (h), here and include on the appropriate line of Schedule D (see instructions)	11a	
b Enter the long-term portion of losses from line 10, column (h), here and include on the appropriate line of Schedule D (see instructions)	11b	

Section B – Gains From Straddles

12 (a) Description of property	(b) Date entered into or acquired	(c) Date closed out or sold	(d) Gross sales price	(e) Cost or other basis plus expense of sale	(f) Gain. If column (d) is more than (e), enter difference. Otherwise, enter -0-

13a Enter the short-term portion of gains from line 12, column (f), here and include on the appropriate line of Schedule D (see instructions)	13a	
b Enter the long-term portion of gains from line 12, column (f), here and include on the appropriate line of Schedule D (see instructions)	13b	

Part III Unrecognized Gains From Positions Held on Last Day of Tax Year. Memo Entry Only (see instructions)

14 (a) Description of property	(b) Date acquired	(c) Fair market value on last business day of tax year	(d) Cost or other basis as adjusted	(e) Unrecognized gain. If column (c) is more than (d), enter difference. Otherwise, enter -0-

Form **1040** Department of the Treasury — Internal Revenue Service
U.S. Individual Income Tax Return 2006

(99) IRS Use Only — Do not write or staple in this space.

For the year Jan 1 - Dec 31, 2006, or other tax year beginning , 2006, ending , 20 OMB No 1545-0074

Label (See instructions.) **Use the IRS label.** Otherwise, please print or type.

Your first name MI Last name: PHILIP PALMEDO

Your social security number: REDACTED

If a joint return, spouse's first name MI Last name: ELISABETH PALMEDO

Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions. Apartment no: 4 PIPER LANE

City, town or post office. If you have a foreign address, see instructions. State ZIP code: ST JAMES, NY 11780

You **must** enter your social security number(s) above.

Presidential Election Campaign — Check here if you, or your spouse if filing jointly, want $3 to go to this fund? (see instructions) — Checking a box below will not change your tax or refund. ☐ You ☐ Spouse

Filing Status

Check only one box.

1 ☐ Single
2 ☒ Married filing jointly (even if only one had income)
3 ☐ Married filing separately. Enter spouse's SSN above & full name here.
4 ☐ Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here.
5 ☐ Qualifying widow(er) with dependent child (see instructions)

Exemptions

6a ☒ **Yourself.** If someone can claim you as a dependent, **do not** check box 6a
b ☒ **Spouse**

Boxes checked on 6a and 6b: 2

c **Dependents:**

(1) First name Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) ✓ if qualifying child for child tax credit (see instrs)
			☐
			☐
			☐
			☐

If more than four dependents, see instructions.

No. of children on 6c who: • lived with you ____ • did not live with you due to divorce or separation (see instrs) ____ Dependents on 6c not entered above ____

d Total number of exemptions claimed — Add numbers on lines above: 2

Income

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.

If you did not get a W-2, see instructions.

Enclose, but do not attach, any payment. Also, please use Form 1040-V.

7	Wages, salaries, tips, etc. Attach Form(s) W-2			7	15,000.
8a	**Taxable** interest. Attach Schedule B if required			8a	138,942.
b	**Tax-exempt** interest. **Do not** include on line 8a	8b	7,549.		
9a	Ordinary dividends. Attach Schedule B if required			9a	153,148.
b	Qualified dividends (see instrs)	9b	93,543.		
10	Taxable refunds, credits, or offsets of state and local income taxes (see instructions)			10	
11	Alimony received			11	
12	Business income or (loss). Attach Schedule C or C-EZ			12	
13	Capital gain or (loss). Att Sch D if reqd. If not reqd, ck here ☐			13	481,071.
14	Other gains or (losses). Attach Form 4797			14	49,309.
15a	IRA distributions	15a		15b	46,548.
	b Taxable amount (see instrs)				
16a	Pensions and annuities	16a	61,905.	16b	60,931.
	b Taxable amount (see instrs)				
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E			17	-49,830.
18	Farm income or (loss). Attach Schedule F			18	
19	Unemployment compensation			19	
20a	Social security benefits	20a	30,480.	20b	25,908.
	b Taxable amount (see instrs)				
21	Other income SEE STATEMENT 1			21	90,774.
22	Add the amounts in the far right column for lines 7 through 21. This is your **total income**			22	1,011,801.

Adjusted Gross Income

23	Archer MSA deduction. Attach Form 8853	23			
24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ	24			
25	Health savings account deduction. Attach Form 8889	25			
26	Moving expenses. Attach Form 3903	26			
27	One-half of self-employment tax. Attach Schedule SE	27			
28	Self-employed SEP, SIMPLE, and qualified plans	28			
29	Self-employed health insurance deduction (see instructions)	29			
30	Penalty on early withdrawal of savings	30			
31a	Alimony paid b Recipient's SSN	31a			
32	IRA deduction (see instructions)	32			
33	Student loan interest deduction (see instructions)	33			
34	Jury duty pay you gave to your employer	34			
35	Domestic production activities deduction. Attach Form 8903	35			
36	Add lines 23 - 31a and 32 - 35			36	0.
37	Subtract line 36 from line 22. This is your **adjusted gross income**			37	1,011,801.

COPY

REDACTED

Form 1040 (2006) PHILIP AND ELISABETH PALMEDO Page 2

Tax and Credits

38	Amount from line 37 (adjusted gross income)			38	1,011,801.
39a	Check if: [X] You were born before January 2, 1942, [ ] Blind. [X] Spouse was born before January 2, 1942, [ ] Blind. Total boxes checked ▶ 39a 2				
b	If your spouse itemizes on a separate return, or you were a dual-status alien, see instrs and ck here ▶ 39b [ ]				
40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)			40	360,353.
41	Subtract line 40 from line 38			41	651,448.
42	If line 38 is over $112,875, or you provided housing to a person displaced by Hurricane Katrina, see instructions. Otherwise, multiply $3,300 by the total number of exemptions claimed on line 6d			42	2,200.
43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-			43	649,248.
44	Tax (see instrs). Check if any tax is from: a [ ] Form(s) 8814 b [ ] Form 4972			44	107,863.
45	Alternative minimum tax (see instructions). Attach Form 6251			45	62,438.
46	Add lines 44 and 45			46	170,301.
47	Foreign tax credit. Attach Form 1116 if required	47	1,693.		
48	Credit for child and dependent care expenses. Attach Form 2441	48			
49	Credit for the elderly or the disabled. Attach Schedule R	49			
50	Education credits. Attach Form 8863	50			
51	Retirement savings contributions credit. Attach Form 8880	51			
52	Residential energy credits. Attach Form 5695	52			
53	Child tax credit (see instructions). Attach Form 8901 if required	53			
54	Credits from: a [ ] Form 8396 b [ ] Form 8839 c [ ] Form 8859	54			
55	Other credits. Check applicable box(es): a [X] Form 3800 b [ ] Form 8801 c [ ] Form	55	0.		
56	Add lines 47 through 55. These are your total credits			56	1,693.
57	Subtract line 56 from line 46. If line 56 is more than line 46, enter -0-			57	168,608.

Standard Deduction for –
- People who checked any box on line 39a or 39b or who can be claimed as a dependent, see instructions.
- All others:

Single or Married filing separately, $5,150

Married filing jointly or Qualifying widow(er), $10,300

Head of household, $7,550

Other Taxes

58	Self-employment tax. Attach Schedule SE	58	
59	Social security and Medicare tax on tip income not reported to employer. Attach Form 4137	59	
60	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	60	
61	Advance earned income credit payments from Form(s) W-2, box 9	61	
62	Household employment taxes. Attach Schedule H	62	
63	Add lines 57-62. This is your total tax	63	168,608.

Payments

64	Federal income tax withheld from Forms W-2 and 1099	64	4,560.		FROM SCH K-1
65	2006 estimated tax payments and amount applied from 2005 return	65	273,386.		
66a	Earned income credit (EIC)	66a			
b	Nontaxable combat pay election ▶ 66b				
67	Excess social security and tier 1 RRTA tax withheld (see instructions)	67			
68	Additional child tax credit. Attach Form 8812	68			
69	Amount paid with request for extension to file (see instructions)	69			
70	Payments from: a [ ] Form 2439 b [ ] Form 4136 c [ ] Form 8885	70			
71	Credit for federal telephone excise tax paid. Attach Form 8913 if required	71	40.		
72	Add lines 64, 65, 66a, and 67 through 71. These are your total payments			72	277,986.

If you have a qualifying child, attach Schedule EIC.

Refund

73	If line 72 is more than line 63, subtract line 63 from line 72. This is the amount you overpaid			73	109,378.
74a	Amount of line 73 you want refunded to you. If Form 8888 is attached, check here ▶ [ ]			74a	0.
▶ b	Routing number ▶ c Type: [ ] Checking [ ] Savings				
▶ d	Account number				
75	Amount of line 73 you want applied to your 2007 estimated tax ▶	75	109,378.		

Direct deposit? See instructions and fill in 74b, 74c, and 74d or Form 8888.

Amount You Owe

76	Amount you owe. Subtract line 72 from line 63. For details on how to pay, see instructions			76	
77	Estimated tax penalty (see instructions)	77			

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see instructions)? [X] Yes. Complete the following. [ ] No

Designee's name ▶ MICHAEL R. REEVES, CPA Phone no. ▶ (631) 751-5225 Personal identification number (PIN) ▶ 13195

Sign Here

Joint return? See instructions. Keep a copy for your records.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature ▶ | Date | Your occupation: CONSULTANT | Daytime phone number

Spouse's signature. If a joint return, both must sign. ▶ | Date | Spouse's occupation: H/W

Paid Preparer's Use Only

Preparer's signature ▶ MICHAEL R. REEVES, CPA | Date | Check if self-employed [ ] | Preparer's SSN or PTIN REDACTED

Firm's name (or yours if self-employed), address, and ZIP code ▶ ALBANESE SINI & REEVES, LLP
348 MAIN ST
SETAUKET, NY 11733-3800

EIN

Phone no. (631) 751-5225

Form 1040 (2006)

FDIA0112L 11/07/06

Schedule B (Form 1040) 2006 OMB No. 1545-0074 Page 2

Name(s) shown on Form 1040: PHILIP AND ELISABETH PALMEDO

Your social security number: REDACTED

Schedule B — Interest and Ordinary Dividends

Attachment Sequence No. 08

Part I Interest

(See instructions for Form 1040, line 8a.)

Note. If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

			Amount
1	List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see the instructions and list this interest first. Also, show that buyer's social security number and address ►		
	SEE STATEMENT 3	1	
2	Add the amounts on line 1	2	138,942.
3	Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815	3	
4	Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a ►	4	138,942.

Note. If line 4 is over $1,500, you must complete Part III.

Part II Ordinary Dividends

(See instructions for Form 1040, line 9a.)

Note. If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

			Amount
5	List name of payer ►		
	BEACON TRUST CO		21,948.
	BERNARD MADOFF INV SEC		18,794.
	BUCKEYE PARTNERS, LP		96.
	FIDELITY		24,339.
	FIDELITY CASH RESERVES		441.
	FIDELITY FUND		667.
	FIDELITY GINNIE MAE		1,608.
	FIDELITY INTL DISCOVERY		2,898.
	FIDELITY NEW YORK MUNI INCOME		15.
	KEPLER ASSET MANAGEMENT LLC	5	38.
	KEPLER-OPTIMA PROTOTYPE FUND I		1,425.
	LIGHTHOUSE DIVERSIFIED-BUSINESS INCOME		10,461.
	LIGHTHOUSE DIVERSIFIED-INVESTMENT INC		3,721.
	PHILIP PALMEDO LIMITED PARTNERSHIP		18,693.
	PHILIP PALMEDO LIMITED PARTNERSHIP		46,734.
	PHILIP PALMEDO LTD PARTENRSHIP-PTP		24.
	PHILIP PALMEDO LTD PTNRSP-PTP PORTION		59.
	SUNTRUST BANK		1,095.
	THE DOW CHEMICAL CO.		92.
6	Add the amounts on line 5. Enter the total here and on Form 1040, line 9a ►	6	153,148.

Note. If line 6 is over $1,500, you must complete Part III.

Part III Foreign Accounts and Trusts

(See instructions.)

		Yes	No
	You must complete this part if you **(a)** had over $1,500 of taxable interest or ordinary dividends; or **(b)** had a foreign account; or **(c)** received a distribution from, or were a grantor of, or a transferor to, a foreign trust.		
7a	At any time during 2006, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See instructions for exceptions and filing requirements for Form TD F 90-22.1		X
b	If 'Yes,' enter the name of the foreign country. ►		
8	During 2006, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If 'Yes,' you may have to file Form 3520. See instructions		X

STATEMENT 3
SCHEDULE B, LINE 1
INTEREST INCOME

BERNARD L MADHOFF US TREASURY	$	10,929.
BUCKEYE PARTNERS, LP		1,282.
CHASE HOME FINANCE		374.
ING DIRECT		10,139.
KEPLER ASSET MANAGEMENT LLC		496.
KEPLER-OPTIMA PROTOTYPE FUND I		1,459.
LIGHTHOUSE DIVERSIFIED-BUSINESS INCOME		50,022.
LIGHTHOUSE DIVERSIFIED-BUSINESS INCOME		882.
LIGHTHOUSE DIVERSIFIED-INVESTMENT INC		16,234.
LIGHTHOUSE DIVERSIFIED-INVESTMENT INC		80.
MP REALTY PARTNERS I, LP		578.
NORTH FORK BANK-NOW		99.
PHILIP PALMEDO LIMITED PARTNERSHIP		12,920.
PHILIP PALMEDO LIMITED PARTNERSHIP		32,299.
PHILIP PALMEDO LTD PARTENRSHIP-PTP		328.
PHILIP PALMEDO LTD PTNRSP-PTP PORTION		821.
TOTAL	$	138,942.

SCHEDULE D-1
(Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Continuation Sheet for Schedule D (Form 1040)

► See instructions for Schedule D (Form 1040).
► Attach to Schedule D to list additional transactions for lines 1 and 8.

OMB No. 1545-0074
2006
Attachment Sequence No. **12A**

Name(s) shown on return: PHILIP AND ELISABETH PALMEDO

Your social security number: REDACTED

Part I **Short-Term Capital Gains and Losses — Assets Held One Year or Less**

	(a) Description of property (Example: 100 shares XYZ Co)	(b) Date acquired (Mo, day, yr)	(c) Date sold (Mo, day, yr)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
1	720.669 HENNESSY CORNERSTONE GROWTH FD	4/10/06	9/19/06	20,774.	25,000.	-4,226.
	39 LUCENT TECHNOLOGIES INC	VARIOUS	5/04/06	10.	0.	10.
	300 NAVISTAR INTL CORP	5/30/06	9/21/06	7,716.	8,156.	-440.
	300 NAVISTAR INTL CORP	VARIOUS	9/21/06	7,711.	7,216.	495.
	100 NAVISTAR INTL CORP	5/30/06	9/21/06	2,572.	2,719.	-147.
	3662.452 NORTHEAST INVESTORS TRUST	VARIOUS	11/20/06	27,908.	27,750.	158.
	523.909 PIMCO COMMODITY REAL RETURN	VARIOUS	5/18/06	7,937.	7,837.	100.
	1000 RYERSON INC	6/06/05	1/05/06	25,991.	15,588.	10,403.
	33.531 WEITZ VALUE	VARIOUS	2/26/06	1,201.	968.	233.
	100 KILROY REALTY CORP-SHORT SALE	3/09/06	9/20/05	5,392.	7,522.	-2,130.
	100 SL GREEN REALTY CORP-SHORT SALE	3/09/06	9/20/05	6,712.	9,340.	-2,628.
	200 TRIZEC PPTYS INC-SHORT SALE	3/09/06	9/22/05	4,592.	4,936.	-344.
	800 FISERV INC WISCONSIN	1/17/06	5/15/06	35,211.	35,448.	-237.
	325 WELLPOINT INC	9/15/05	6/15/06	22,417.	24,047.	-1,630.
	2725 EMC CORP	5/15/06	7/17/06	27,231.	35,213.	-7,982.
	1400 MONEY GRAM INTL INC	1/17/06	12/01/06	41,873.	35,583.	6,290.
	693.26 FIDELITY HIGH INCOME	VARIOUS	1/03/06	6,094.	6,128.	-34.
	~~BERNARD MADOFF ST SALES SEE SUMMARY~~	~~VARIOUS~~	~~VARIOUS~~	~~3,847,432.~~	~~3,773,351.~~	~~74,081.~~
	BERNARD MADOFF-T-SEE SUMMARY	VARIOUS	VARIOUS	4,915,507.	4,915,507.	0.
2	**Totals.** Add the amounts in column (d). Also, combine the amounts in column (f). Enter here and on Schedule D, line 2 ► 2			9,014,281.		71,972.

BAA For Paperwork Reduction Act Notice, see Form 1040 or Form 1040NR instructions. FDIA0656L 11/08/06 Schedule **D-1** (Form 1040) 2006

Form **6781**

Department of the Treasury
Internal Revenue Service

Gains and Losses From Section 1256 Contracts and Straddles

► Attach to your tax return.

OMB No 1545-0644

2006

Attachment Sequence No. **82**

Name(s) shown on tax return: PHILIP AND ELISABETH PALMEDO

Identifying number: REDACTED

Check all applicable boxes (see instructions).
A ☐ Mixed straddle election
B ☐ Straddle-by-straddle identification election
C ☐ Mixed straddle account election
D ☐ Net section 1256 contracts loss election

Part I Section 1256 Contracts Marked to Market

1 (a) Identification of account	(b) (Loss)	(c) Gain
FROM K-1	268.	
BERNARD-MADOFF-SEC-1256-SEE SUMMARY		19,743.

			(b) (Loss)	(c) Gain
2	Add the amounts on line 1 in columns (b) and (c)	2	268.	19,743.
3	Net gain or (loss). Combine line 2, columns (b) and (c)	3		19,475.
4	Form 1099-B adjustments. See instructions and attach schedule	4		
5	Combine lines 3 and 4	5		19,475.

Note: *If line 5 shows a net gain, skip line 6 and enter the gain on line 7. Partnerships and S corporations, see instructions.*

6	If you have a net section 1256 contracts loss and checked box D above, enter the amount of loss to be carried back. Enter the loss as a positive number.	6	
7	Combine lines 5 and 6	7	19,475.
8	**Short-term capital gain or (loss).** Multiply line 7 by 40% (.40). Enter here and include on the appropriate line of Schedule D (see instructions)	8	7,790.
9	**Long-term capital gain or (loss).** Multiply line 7 by 60% (.60). Enter here and include on the appropriate line of Schedule D (see instructions)	9	11,685.

Part II Gains and Losses From Straddles. Attach a separate schedule listing each straddle and its components.

Section A – Losses From Straddles

10 (a) Description of property	(b) Date entered into or acquired	(c) Date closed out or sold	(d) Gross sales price	(e) Cost or other basis plus expense of sale	(f) Loss. If column (e) is more than (d), enter difference. Otherwise, enter -0-	(g) Unrecognized gain on offsetting positions	(h) Recognized loss. If column (f) is more than (g), enter difference. Otherwise, enter -0-

11 a Enter the short-term portion of losses from line 10, column (h), here and include on the appropriate line of Schedule D (see instructions) . . . 11 a

b Enter the long-term portion of losses from line 10, column (h), here and include on the appropriate line of Schedule D (see instructions) . . . 11 b

Section B – Gains From Straddles

12 (a) Description of property	(b) Date entered into or acquired	(c) Date closed out or sold	(d) Gross sales price	(e) Cost or other basis plus expense of sale	(f) Gain If column (d) is more than (e), enter difference. Otherwise, enter -0-

13a Enter the short-term portion of gains from line 12, column (f), here and include on the appropriate line of Schedule D (see instructions) . . . 13a

b Enter the long-term portion of gains from line 12, column (f), here and include on the appropriate line of Schedule D (see instructions) . . . 13b

Part III Unrecognized Gains From Positions Held on Last Day of Tax Year. Memo Entry Only (see instructions)

14 (a) Description of property	(b) Date acquired	(c) Fair market value on last business day of tax year	(d) Cost or other basis as adjusted	(e) Unrecognized gain. If column (c) is more than (d), enter difference. Otherwise, enter -0-

BAA For Paperwork Reduction Act Notice, see separate instructions. FDIZ1601L 06/21/06 Form **6781** (2006)

Form **1040** Department of the Treasury — Internal Revenue Service
U.S. Individual Income Tax Return 2007

IRS Use Only — Do not write or staple in this space.

For the year Jan 1 - Dec 31, 2007, or other tax year beginning , 2007, ending , 20 | OMB No. 1545-0074

Label (See instructions.)
Use the IRS label. Otherwise, please print or type.

Your first name MI Last name: PHILIP PALMEDO
Your social security number: REDACTED

If a joint return, spouse's first name MI Last name: ELISABETH PALMEDO
umber

Home address (number and street). If you have a P.O. box, see instructions. Apartment no.: 4 PIPER LANE

City, town or post office. If you have a foreign address, see instructions. State ZIP code: ST JAMES, NY 11780

You **must** enter your social security number(s) above.

Presidential Election Campaign ▶ Check here if you, or your spouse if filing jointly, want $3 to go to this fund? (see instructions) ▶ ☐ You ☐ Spouse
Checking a box below will not change your tax or refund.

Filing Status
Check only one box.
1 ☐ Single
2 ☒ Married filing jointly (even if only one had income)
3 ☐ Married filing separately. Enter spouse's SSN above & full name here. ▶
4 ☐ Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶
5 ☐ Qualifying widow(er) with dependent child (see instructions)

Exemptions
6a ☒ **Yourself.** If someone can claim you as a dependent, **do not** check box 6a
b ☒ **Spouse**
Boxes checked on 6a and 6b: 2

c **Dependents:**

(1) First name Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) ✓ if qualifying child for child tax credit (see instrs)
			☐
			☐
			☐
			☐

No. of children on 6c who:
● lived with you
● did not live with you due to divorce or separation (see instrs)
Dependents on 6c not entered above

If more than four dependents, see instructions.

d Total number of exemptions claimed — Add numbers on lines above ▶ 2

Income

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.

If you did not get a W-2, see instructions.

Enclose, but do not attach, any payment. Also, please use Form 1040-V.

7	Wages, salaries, tips, etc. Attach Form(s) W-2		15,000.
8a	**Taxable** interest. Attach Schedule B if required		206,838.
b	**Tax-exempt** interest. **Do not** include on line 8a	8b 11,162.	
9a	Ordinary dividends. Attach Schedule B if required		204,888.
b	Qualified dividends (see instrs)	9b 137,464.	
10	Taxable refunds, credits, or offsets of state and local income taxes (see instructions)		
11	Alimony received		
12	Business income or (loss). Attach Schedule C or C-EZ		
13	Capital gain or (loss). Att Sch D if reqd. If not reqd, ck here ▶ ☐		639,758.
14	Other gains or (losses). Attach Form 4797		112,610.
15a	IRA distributions	15a	b Taxable amount (see instrs) 15b 52,788.
16a	Pensions and annuities	16a 64,019.	b Taxable amount (see instrs) 16b 63,045.
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E		-47,059.
18	Farm income or (loss). Attach Schedule F		
19	Unemployment compensation		
20a	Social security benefits	20a 31,486.	b Taxable amount (see instrs) 20b 26,763.
21	Other income SEE STATEMENT 1		53,243.
22	Add the amounts in the far right column for lines 7 through 21. This is your **total income** ▶		1,327,874.

Adjusted Gross Income

23	Educator expenses (see instructions)	23	
24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ	24	
25	Health savings account deduction. Attach Form 8889	25	
26	Moving expenses. Attach Form 3903	26	
27	One-half of self-employment tax. Attach Schedule SE	27	
28	Self-employed SEP, SIMPLE, and qualified plans	28	
29	Self-employed health insurance deduction (see instructions)	29	
30	Penalty on early withdrawal of savings	30	
31a	Alimony paid b Recipient's SSN ▶	31a	
32	IRA deduction (see instructions)	32	
33	Student loan interest deduction (see instructions)	33	
34	Tuition and fees deduction. Attach Form 8917	34	
35	Domestic production activities deduction. Attach Form 8903	35	
36	Add lines 23 - 31a and 32 - 35		0.
37	Subtract line 36 from line 22. This is your **adjusted gross income** ▶		1,327,874.

COPY

Form **1040** (2007) PHILIP AND ELISABETH PALMEDO Page **2**

Tax and Credits

38	Amount from line 37 (adjusted gross income)	38	1,327,874.
39a	Check if: [X] **You** were born before January 2, 1943, [ ] Blind. [X] **Spouse** was born before January 2, 1943, [ ] Blind. **Total boxes checked** ► 39a 2		
b	If your spouse itemizes on a separate return, or you were a dual-status alien, see instrs and ck here ► 39b [ ]		
40	**Itemized deductions** (from Schedule A) **or** your **standard deduction** (see left margin)	40	269,751.
41	Subtract line 40 from line 38	41	1,058,123.
42	If line 38 is $117,300 or less, multiply $3,400 by the total number of exemptions claimed on line 6d. If line 38 is over $117,300, see the instructions	42	2,266.
43	**Taxable income.** Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	1,055,857.
44	**Tax** (see instrs). Check if any tax is from: a [ ] Form(s) 8814 b [ ] Form 4972 c [ ] Form(s) 8889	44	213,024.
45	**Alternative minimum tax** (see instructions). Attach Form 6251	45	26,917.
46	Add lines 44 and 45 ►	46	239,941.
47	Credit for child and dependent care expenses. Attach Form 2441	47	
48	Credit for the elderly or the disabled. Attach Schedule R	48	
49	Education credits. Attach Form 8863	49	
50	Residential energy credits. Attach Form 5695	50	
51	Foreign tax credit. Attach Form 1116 if required	51	2,600.
52	Child tax credit (see instructions). Attach Form 8901 if required	52	
53	Retirement savings contributions credit. Attach Form 8880	53	
54	Credits from: a [ ] Form 8396 b [ ] Form 8859 c [ ] Form 8839	54	
55	Other credits: a [X] Form 3800 b [ ] Form 8801 c [ ] Form	55	0.
56	Add lines 47 through 55. These are your **total credits**	56	2,600.
57	Subtract line 56 from line 46. If line 56 is more than line 46, enter -0- ►	57	237,341.

Standard Deduction for –
- People who checked any box on line 39a or 39b **or** who can be claimed as a dependent, see instructions.
- All others:

Single or Married filing separately, $5,350

Married filing jointly or Qualifying widow(er), $10,700

Head of household, $7,850

Other Taxes

58	Self-employment tax. Attach Schedule SE	58	
59	Unreported social security and Medicare tax from: a [ ] Form 4137 b [ ] Form 8919	59	
60	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	60	
61	Advance earned income credit payments from Form(s) W-2, box 9	61	
62	Household employment taxes. Attach Schedule H	62	
63	Add lines 57-62. This is your **total tax** ►	63	237,341.

Payments

If you have a qualifying child, attach Schedule EIC.

64	Federal income tax withheld from Forms W-2 and 1099	64	4,480. FROM SCH K-1
65	2007 estimated tax payments and amount applied from 2006 return	65	189,378.
66a	**Earned income credit (EIC)**	66a	
b	Nontaxable combat pay election ► 66b		
67	Excess social security and tier 1 RRTA tax withheld (see instructions)	67	
68	Additional child tax credit. Attach Form 8812	68	
69	Amount paid with request for extension to file (see instructions)	69	
70	Payments from: a [ ] Form 2439 b [ ] Form 4136 c [ ] Form 8885	70	
71	Refundable credit for prior year minimum tax from Form 8801, line 27	71	
72	Add lines 64, 65, 66a, and 67 through 71. These are your **total payments** ►	72	193,858.

Refund

Direct deposit? See instructions and fill in 74b, 74c, and 74d or Form 8888.

73	If line 72 is more than line 63, subtract line 63 from line 72. This is the amount you **overpaid**	73	
74a	Amount of line 73 you want **refunded to you.** If Form 8888 is attached, check here ► [ ]	74a	
► b	Routing number ► c Type: [ ] Checking [ ] Savings		
► d	Account number		
75	Amount of line 73 you want **applied to your 2008 estimated tax** ► 75		

Amount You Owe

76	**Amount you owe.** Subtract line 72 from line 63. For details on how to pay, see instructions ►	76	44,177.
77	Estimated tax penalty (see instructions)	77	694.

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see instructions)? [X] **Yes.** Complete the following. [ ] **No**

Designee's name ► MICHAEL R. REEVES, CPA Phone no. ► (631) 751-5225 Personal identification number (PIN) ► 13195

Sign Here

Joint return? See instructions. Keep a copy for your records.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature	Date	Your occupation	Daytime phone number
►		CONSULTANT	
Spouse's signature. If a joint return, **both** must sign.	Date	Spouse's occupation	
►		H/W	

Paid Preparer's Use Only

Preparer's signature ► MICHAEL R. REEVES, CPA Date Check if self-employed [ ] Preparer's SSN or PTIN REDACTED

Firm's name (or yours if self-employed), address, and ZIP code ► ALBANESE SINI & REEVES LLP 348 MAIN ST SETAUKET, NY 11733-3800 EIN Phone no. (631) 751-5225

Form **1040** (2007)

FDIA0112L 12/06/07

PALMEDO-ALBANESE 000068

Schedule B (Form 1040) 2007 OMB No. 1545-0074 Page 2

Name(s) shown on Form 1040. Your social security number

PHILIP AND ELISABETH PALMEDO REDACTED

Schedule B – Interest and Ordinary Dividends

Attachment Sequence No 08

Part I Interest

(See instructions for Form 1040, line 8a.)

Note. If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form

			Amount
1	List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see the instructions and list this interest first. Also, show that buyer's social security number and address ► SEE STATEMENT 3	1	
2	Add the amounts on line 1	2	206,838.
3	Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815	3	
4	Subtract line 3 from line 2. Enter the result here and on Form 1040, line 8a ►	4	206,838.

Note. If line 4 is over $1,500, you must complete Part III.

Part II Ordinary Dividends

(See instructions for Form 1040, line 9a.)

Note. If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

			Amount
5	List name of payer ►	5	
	BEACON TRUST CO		29,334.
	BERNARD MADOFF INV SEC		11,947.
	BUCKEYE PARTNERS, LP		120.
	FIDELITY		22,031.
	FIDELITY CASH RESERVES		492.
	FIDELITY EMERGING MARKETS		458.
	FIDELITY FUND		761.
	FIDELITY GINNIE MAE		899.
	FIDELITY INTL DISCOVERY		1,978.
	KEPLER ASSET MANAGEMENT LLC		2,109.
	LIGHTHOUSE CREDIT OPPORTUNITIES FUND LP		1,602.
	LIGHTHOUSE DIVERSIFIED FUND LP		16,312.
	PHILIP PALMEDO LIMITED PARTNERSHIP		32,492.
	PHILIP PALMEDO LIMITED PARTNERSHIP		79,603.
	SPENCER CLARKE		10.
	SUNTRUST BANK		4,640.
	THE DOW CHEMICAL CO.		100.
6	Add the amounts on line 5. Enter the total here and on Form 1040, line 9a ►	6	204,888.

Note. If line 6 is over $1,500, you must complete Part III.

Part III Foreign Accounts and Trusts

(See instructions.)

		Yes	No
	You must complete this part if you **(a)** had over $1,500 of taxable interest or ordinary dividends; or **(b)** had a foreign account; or **(c)** received a distribution from, or were a grantor of, or a transferor to, a foreign trust.		
7a	At any time during 2007, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account? See instructions for exceptions and filing requirements for Form TD F 90-22.1.		X
b	If 'Yes,' enter the name of the foreign country. ►		
8	During 2007, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If 'Yes,' you may have to file Form 3520. See instructions		X

2007 **FEDERAL STATEMENTS** **PAGE 1**

CLIENT PAL5500 **PHILIP AND ELISABETH PALMEDO** REDACTED

5/18/17 11:34AM

STATEMENT 3
SCHEDULE B, LINE 1
INTEREST INCOME

BERNARD-L-MADHOFF-US-TREASURY	$	32,467.
BUCKEYE PARTNERS, LP		1,379.
CHASE BANK		159.
CHASE HOME FINANCE		394.
DENNIS WILSON		14,782.
ING DIRECT		6,290.
INTERNAL REVENUE SERVICE		704.
KEPLER ASSET MANAGEMENT		14,784.
KEPLER ASSET MANAGEMENT LLC		3,534.
LIGHTHOUSE CREDIT OPPORTUNITIES FUND LP		13,706.
LIGHTHOUSE CREDIT OPPORTUNITIES FUND LP		220.
LIGHTHOUSE DIVERSIFIED FUND LP		2,386.
LIGHTHOUSE DIVERSIFIED FUND LP		92,064.
MP REALTY PARTNERS I, LP		1,214.
MP REALTY PARTNERS PARALLEL FUND III LP		55.
NORTH FORK BANK-NOW		146.
PALMEDO ASSOCIATES		12.
PHILIP PALMEDO LIMITED PARTNERSHIP		16,008.
PHILIP PALMEDO LIMITED PARTNERSHIP		6,534.
TOTAL	$	206,838.

SCHEDULE D-1 (Form 1040)

Department of the Treasury Internal Revenue Service

Continuation Sheet for Schedule D (Form 1040)

► See instructions for Schedule D (Form 1040).
► Attach to Schedule D to list additional transactions for lines 1 and 8.

OMB No 1545-0074

2007

Attachment Sequence No. **12A**

Name(s) shown on return: PHILIP AND ELISABETH PALMEDO

Your social security number: REDACTED

Part I **Short-Term Capital Gains and Losses — Assets Held One Year or Less**

(a) Description of property (Example: 100 shares XYZ Co)	(b) Date acquired (Mo, day, yr)	(c) Date sold (Mo, day, yr)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
1 267.11 T ROWE PRICE NEW ASIA	VARIOUS	5/14/07	4,346.	3,372.	974.
B MADOFF-TREASURY BILL-SEE ATTACHED	VARIOUS	VARIOUS	6,607,886.	6,607,886.	0.
B MADOFF-ST-SALES-SEE ATTACHED	VARIOUS	VARIOUS	4,339,690.	4,245,591.	94,099.
B MADOFF-FIDELITY CASH RESERVES	VARIOUS	1/01/07	376,379.	376,379.	0.
161.1 FIDELITY GINNIE MAE	VARIOUS	7/03/07	1,704.	1,712.	-8.
2 **Totals.** Add the amounts in column (d). Also, combine the amounts in column (f). Enter here and on Schedule D, line 2 ► 2			11,330,005.		95,065.

BAA For Paperwork Reduction Act Notice, see Form 1040 or Form 1040NR instructions. FDIA0656L 10/02/07 Schedule **D-1** (Form 1040) 2007

Form **6781**

Department of the Treasury Internal Revenue Service

Gains and Losses From Section 1256 Contracts and Straddles

► Attach to your tax return.

OMB No. 1545-0644

2007

Attachment Sequence No. **82**

Name(s) shown on tax return: PHILIP AND ELISABETH PALMEDO

Identifying number: REDACTED

Check all applicable boxes (see instructions).
A ☐ Mixed straddle election
B ☐ Straddle-by-straddle identification election
C ☐ Mixed straddle account election
D ☐ Net section 1256 contracts loss election

Part I Section 1256 Contracts Marked to Market

1 (a) Identification of account	(b) (Loss)	(c) Gain
FROM K-1		5,655.
B-MADOFF-1256-CONTRACTS	18,278.	

2 Add the amounts on line 1 in columns (b) and (c) — 2	18,278.	5,655.
3 Net gain or (loss). Combine line 2, columns (b) and (c)	3	-12,623.
4 Form 1099-B adjustments. See instructions and attach schedule	4	
5 Combine lines 3 and 4	5	-12,623.
Note: *If line 5 shows a net gain, skip line 6 and enter the gain on line 7. Partnerships and S corporations, see instructions.*		
6 If you have a net section 1256 contracts loss and checked box D above, enter the amount of loss to be carried back. Enter the loss as a positive number	6	
7 Combine lines 5 and 6	7	-12,623.
8 **Short-term capital gain or (loss).** Multiply line 7 by 40% (.40). Enter here and include on the appropriate line of Schedule D (see instructions)	8	-5,049.
9 **Long-term capital gain or (loss).** Multiply line 7 by 60% (.60). Enter here and include on the appropriate line of Schedule D (see instructions)	9	-7,574.

Part II Gains and Losses From Straddles. Attach a separate schedule listing each straddle and its components.

Section A – Losses From Straddles

10 (a) Description of property	(b) Date entered into or acquired	(c) Date closed out or sold	(d) Gross sales price	(e) Cost or other basis plus expense of sale	(f) Loss. If column (e) is more than (d), enter difference. Otherwise, enter -0-	(g) Unrecognized gain on offsetting positions	(h) Recognized loss If column (f) is more than (g), enter difference. Otherwise, enter -0-

11a Enter the short-term portion of losses from line 10, column (h), here and include on the appropriate line of Schedule D (see instructions)	11a	
b Enter the long-term portion of losses from line 10, column (h), here and include on the appropriate line of Schedule D (see instructions)	11b	

Section B – Gains From Straddles

12 (a) Description of property	(b) Date entered into or acquired	(c) Date closed out or sold	(d) Gross sales price	(e) Cost or other basis plus expense of sale	(f) Gain. If column (d) is more than (e), enter difference. Otherwise, enter -0-

13a Enter the short-term portion of gains from line 12, column (f), here and include on the appropriate line of Schedule D (see instructions)	13a	
b Enter the long-term portion of gains from line 12, column (f), here and include on the appropriate line of Schedule D (see instructions)	13b	

Part III Unrecognized Gains From Positions Held on Last Day of Tax Year. Memo Entry Only (see instructions)

14 (a) Description of property	(b) Date acquired	(c) Fair market value on last business day of tax year	(d) Cost or other basis as adjusted	(e) Unrecognized gain. If column (c) is more than (d), enter difference. Otherwise, enter -0-

Form **1040X** (Rev February 2009)

Department of the Treasury — Internal Revenue Service
Amended U.S. Individual Income Tax Return
► See separate instructions.

OMB No 1545-0074

This return is for calendar year ► 2008 , **or fiscal year ended** ► ______ , ______ .
Note. Allow 8-12 weeks to process Form 1040X.

Please print or type

Your first name MI Last name: PHILIP PALMEDO
Your social security number: REDACTED
If a joint return, spouse's first name MI Last name: ELISABETH PALMEDO
Spouse's social security number
Home address (no. and street) or P.O. box if mail is not delivered to your home Apt no.: 4 PIPER LANE
City, town or post office. If you have a foreign address, see instructions State ZIP code: ST JAMES, NY 11780

A If the address shown above is different from that shown on your last return filed with the IRS, would you like us to change it in our records? ► ☐ Yes ☐ No

B Filing status. Be sure to complete this line. **Note.** You cannot change from joint to separate returns after the due date.

On original return ► ☐ Single ☒ Married filing jointly ☐ Married filing separately ☐ Head of household ☐ Qualifying widow(er)
On this return ► ☐ Single ☒ Married filing jointly ☐ Married filing separately ☐ Head of household* ☐ Qualifying widow(er)
* If the qualifying person is a child but not your dependent, see instructions.

Use Part II on page 2 to explain any changes

Income and Deductions (see instructions)	Line	A Original amount or as previously adjusted (see instructions)	B Net change — amount of increase or (decrease) — explain in Part II	C Correct amount
1 Adjusted gross income (see instructions)	1	2,938,557.		2,938,557.
2 Itemized deductions or standard deduction (see instructions)	2	280,739.	759,630.	1,040,369.
3 Subtract line 2 from line 1	3	2,657,818.	-759,630.	1,898,188.
4 Exemptions. If changing, fill in Parts I and II on page 2 (see instructions)	4	4,666.		4,666.
5 Taxable income. Subtract line 4 from line 3	5	2,653,152.	-759,630.	1,893,522.
Tax Liability 6 Tax (see instructions). Method used in column C. QDCGTW	6	411,912.	-117,592.	294,320.
7 Credits (see instructions)	7	3,050.		3,050.
8 Subtract line 7 from line 6. Enter the result but not less than zero	8	408,862.	-117,592.	291,270.
9 Other taxes (see instructions)	9			
10 Total tax. Add lines 8 and 9	10	408,862.	-117,592.	291,270.
Payments 11 Federal income tax withheld and excess social security and tier 1 RRTA tax withheld. If changing, see instructions	11	4,442.		4,442.
12 Estimated tax payments, including amount applied from prior year's return	12	262,000.		262,000.
13 Earned income credit (EIC)	13			
14 Additional child tax credit from Form 8812	14			
15 Credits: Recovery rebate; federal telephone excise tax; or from Forms 2439, 4136, 5405, 8885, or 8801 (refundable credit only)	15			
16 Amount paid with request for extension of time to file (see instructions)	16			489,000.
17 Amount of tax paid with original return plus additional tax paid after it was filed	17			
18 Total payments. Add lines 11 through 17 in column C	18			755,442.

Refund or Amount You Owe

	Line	Amount
19 Overpayment, if any, as shown on original return or as previously adjusted by the IRS	19	346,580.
20 Subtract line 19 from line 18 (see instructions)	20	408,862.
21 **Amount you owe.** If line 10, column C, is more than line 20, enter the difference and see instructions	21	
22 If line 10, column C, is less than line 20, enter the difference	22	117,592.
23 Amount of line 22 you want **refunded to you**	23	117,592.
24 Amount of line 22 you want **applied to your** estimated tax 24		

Sign Here
Joint return? See instrs. Keep a copy for your records.

Under penalties of perjury, I declare that I have filed an original return and that I have examined this amended return, including accompanying schedules and statements, and to the best of my knowledge and belief, this amended return is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which the preparer has any knowledge.

► Your signature Date ► Spouse's signature. If a joint return, **both** must sign Date

Paid Preparer's Use Only

Preparer's signature ► MICHAEL R. REEVES, CPA COPY
Date
Check if self-employed ☐
Preparer's SSN or PTIN: REDACTED
Firm's name (or yours if self-employed), address, and ZIP code ► ALBANESE SINI & REEVES, LLP
348 MAIN ST
SETAUKET, NY 11733-3800
EIN
Phone no. (631) 751-5225

BAA For Paperwork Reduction Act Notice, see instructions. FDIA1812L 02/20/09 Form **1040X** (Rev 2-2009)

Part I **Exemptions.** See Form 1040 or 1040A instructions.

Complete this part **only** if you are:
- Increasing or decreasing the number of exemptions claimed on line 6d of the return you are amending, or
- Increasing or decreasing the exemption amount for housing individuals displaced by Hurricane Katrina or for housing Midwestern displaced individuals.

		A Original number of exemptions reported or as previously adjusted	B Net change	C Correct number of exemptions
25 Yourself and spouse	25			
Caution. If someone can claim you as a dependent, you cannot claim an exemption for yourself.				
26 Your dependent children who lived with you	26			
27 Your dependent children who did not live with you due to divorce or separation	27			
28 Other dependents	28			
29 Total number of exemptions. Add lines 25 through 28	29			
30 Multiply the number of exemptions claimed on line 29 by the amount listed below for the tax year you are amending. Enter the result here.	30			
31 If you are claiming an exemption amount for housing individuals displaced by Hurricane Katrina, enter the amount from Form 8914, line 2 for 2005 or line 6 for 2006. If you are claiming an exemption amount for housing Midwestern displaced individuals, enter the amount from the 2008 Form 8914, line 2 (See instructions for line 4). Otherwise enter -0-	31			
32 Add lines 30 and 31. Enter the result here and on line 4	32			

Tax year	Exemption amount	But see the instructions for line 4 if the amount on line 1 is over:
2008	$3,500	$119,975
2007	3,400	117,300
2006	3,300	112,875
2005	3,200	109,475

33 Dependents (children and other) not claimed on original (or adjusted) return:

(a) First name Last name	(b) Dependent's social security number	(c) Dependent's relationship to you	(d) ✓ if qualifying child for child tax credit

Number of children on 33 who:
- lived with you ► ☐
- **did not** live with you due to divorce or separation (see instructions) ► ☐

Dependents on 33 not entered above ► ☐

Part II **Explanation of Changes**

Enter the line number from page 1 of the form for each item you are changing and give the reason for each change. Attach only the supporting forms and schedules for the items changed. If you do not attach the required information, your Form 1040X may be returned. Be sure to include your name and social security number on any attachments.

If the change relates to a net operating loss carryback or a general business credit carryback, attach the schedule or form that shows the year in which the loss or credit occurred. See the instructions. Also, check here ► ☐

TAX RETURN HAS BEEN AMENDED TO REFLECT THEFT LOSS FROM BERNARD L MADOFF INVESTMENT SECURITIES.

STATEMENT PER REV. PROC 2009-20 ATTACHED

Part III **Presidential Election Campaign Fund.** Checking below will not increase your tax or reduce your refund.

If you did not previously want $3 to go to the fund but now want to, check here ► ☐

If a joint return and your spouse did not previously want $3 to go to the fund but now wants to, check here ► ☐

SCHEDULE A (Form 1040)

Department of the Treasury Internal Revenue Service (99)

Itemized Deductions

► Attach to Form 1040.
► See Instructions for Schedule A (Form 1040).

OMB No. 1545-0074

2008

Attachment Sequence No. 07

Name(s) shown on Form 1040: PHILIP AND ELISABETH PALMEDO

Your social security number: REDACTED

Medical and Dental Expenses		**Caution.** Do not include expenses reimbursed or paid by others.				
	1	Medical and dental expenses (see instructions)	1	6,436.		
	2	Enter amount from Form 1040, line 38 — 2: 2,938,557.				
	3	Multiply line 2 by 7.5% (.075)	3	220,392.		
	4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-			4	0.
Taxes You Paid	5	State and local **(check only one box):** a [X] Income taxes, or b [ ] General sales taxes	5	100,710.		
	6	Real estate taxes (see instructions)	6	55,095.		
(See instructions.)	7	Personal property taxes	7			
	8	Other taxes. List type and amount ►	8			
	9	Add lines 5 through 8			9	155,805.
Interest You Paid	10	Home mtg interest and points reported to you on Form 1098	10	53,000.		
	11	Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying number, and address ►	11			
Note. Personal interest is not deductible.	12	Points not reported to you on Form 1098. See instrs for spcl rules	12			
	13	Qualified mortgage insurance premiums (see instructions)	13			
	14	Investment interest. Attach Form 4952 if required. (See instrs.)	14	54,407.		
	15	Add lines 10 through 14			15	107,407.
Gifts to Charity	16	Gifts by cash or check. If you made any gift of $250 or more, see instrs	16	29,146.		
If you made a gift and got a benefit for it, see instructions.	17	Other than by cash or check. If any gift of $250 or more, see instructions. You **must** attach Form 8283 if over $500	17	400.		
	18	Carryover from prior year	18			
	19	Add lines 16 through 18			19	29,546.
Casualty and Theft Losses	20	Casualty or theft loss(es). Attach Form 4684. (See instructions.)			20	0.
Job Expenses and Certain Miscellaneous Deductions	21	Unreimbursed employee expenses – job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See instructions.) ►	21			
	22	Tax preparation fees	22			
(See instructions.)	23	Other expenses – investment, safe deposit box, etc. List type and amount ► SEE STATEMENT 2	23	50,539.		
	24	Add lines 21 through 23	24	50,539.		
	25	Enter amount from Form 1040, line 38 — 25: 2,938,557.				
	26	Multiply line 25 by 2% (.02)	26	58,771.		
	27	Subtract line 26 from line 24. If line 26 is more than line 24, enter -0-			27	0.
Other Miscellaneous Deductions	28	Other – from list in the instructions. List type and amount ► FORM 4684, INCOME-PRODUCING PROPERTY 759,630. INVESTMENT EXP. FROM K-1 15,767.			28	775,397.
Total Itemized Deductions	29	Is Form 1040, line 38, over $159,950 (over $79,975 if married filing separately)? REDUCTION -27,786. [ ] **No.** Your deduction is not limited. Add the amounts in the far right column for lines 4 through 28. Also, enter this amount on Form 1040, line 40. [X] **Yes.** Your deduction may be limited. See instructions for the amount to enter.			29	1,040,369.
	30	If you elect to itemize deductions even though they are less than your standard deduction, check here ► [ ]				

New York State Department of Taxation and Finance

2008

Amended Resident Income Tax Return (long form)

IT-201-X

New York State • New York City • Yonkers

For the full year January 1, 2008, through December 31, 2008, or fiscal year beginning ....

See the instructions, Form IT-201-X-I, for help completing your amended return. **and ending** ....

Important: You **must** enter your social security number(s) in the boxes to the right.

Print or type

Your first name and middle initial: PHILIP	Your last name *(for a joint return, enter spouse's name on line below)*: PALMEDO	▼ Your social security number: REDACTED
Spouse's first name and middle initial: ELISABETH	Spouse's last name: PALMEDO	...mber
Mailing address *(number and street or rural route)*: 4 PIPER LANE	Apartment number:	New York State county of residence: SUFF
City, village, or post office: ST JAMES	State: NY · ZIP code: 11780	School district name: SMITHTOWN
Permanent home address *(number and street or rural route)*:	Apartment number:	School district code number: 590
City, village, or post office:	State: NY · ZIP code:	Decedent information: Taxpayer's date of death · Spouse's date of death

(A) Filing status — mark an *X* in one box:

(1) Single

(2) X Married filing joint return (enter spouse's social security number above)

(3) Married filing separate return (enter spouse's social security number above)

(4) Head of household (with qualifying person)

(5) Qualifying widow(er) with dependent child

Staple check or money order here.

(B) Did you itemize your deductions on your 2008 **federal** income tax return? Yes X No

(C) Can you be claimed as a dependent on another taxpayer's **federal** return? Yes No X

(D) Did you file an **amended federal** return? *(see instructions)* Yes X No

(E) Did you or your spouse **maintain living quarters in NYC** during 2008? Yes No X

(F) NYC residents and NYC part-year residents only:

1 Number of months **you** lived in NY City in 2008 •

2 Number of months **your spouse** lived in NY City in 2008 •

(G) Enter your **2-digit special condition code if applicable** *(see instructions)* •

If applicable, also enter your **second** 2-digit special condition code •

Federal income and adjustments

			Dollars
1	Wages, salaries, tips, etc	1.	15,000.
2	Taxable interest income	2.	126,336.
3	Ordinary dividends	3.	246,919.
4	Taxable refunds, credits, or offsets of state and local income taxes *(also enter on **line 25**)*	4.	
5	Alimony received	5.	
6	Business income or loss *(attach a copy of federal Schedule C or C-EZ, Form 1040)*	6.	
7	Capital gain or loss *(if required, attach a copy of federal Schedule D, Form 1040)*	7.	2,546,212.
8	Other gains or losses *(attach a copy of federal Form 4797)*	8.	-198,208.
9	Taxable amount of IRA distributions. If received as a beneficiary, mark an *X* in the box	9.	47,809.
10	Taxable amount of pensions and annuities. If received as a beneficiary, mark an *X* in the box	10.	60,506.
11	Rental real estate, royalties, partnerships, S corporations, trusts, etc *(attach copy of federal Schedule E, Form 1040)*	11.	17,966.
12	Farm income or loss *(attach a copy of federal Schedule F, Form 1040)*	12.	
13	Unemployment compensation	13.	
14	Taxable amount of social security benefits *(also enter on **line 27**)*	14.	27,385.
15	Other income *Identify:* SEE STATEMENT 1	15.	48,632.
16	Add lines **1** through **15**	16.	2,938,557.
17	Total federal adjustments to income *Identify:*	17.	
18	**Subtract line 17 from line 16.** This is your **federal adjusted gross income**	18.	2,938,557.

NYIA1512L 11/14/08

3611081032

You must file all five pages of this original scannable amended return with the Tax Department.

 Enter your social security number
REDACTED

19	Enter the amount from **line 18** on page 1. This is your **federal adjusted gross income**		19.	2,938,557.

New York additions

20	Interest income on state and local bonds and obligations (but not those of NY State or its local governments)	20.	1,168.
21	Public employee 414(h) retirement contributions from your wage and tax statements	21.	
22	**New York's** 529 college savings program distributions	22.	
23	Other. *Identify:* SEE STATEMENT 2	23.	100.
24	Add lines **19** through **23**	24.	2,939,825.

New York subtractions

25	Taxable refunds, credits, or offsets of state and local income taxes *(from line 4)*	25.			
26	Pensions of NYS and local governments and the federal government	26.			
27	Taxable amount of social security benefits *(from line 14)*	27.	27,385.		
28	Interest income on U.S. government bonds	28.	1,399.		
29	Pension and annuity income exclusion	29.	20,000.		
30	**New York's** 529 college savings program deduction / earnings	30.			
31	Other *Identify:* SEE STATEMENT 3	31.	3,363.		
32	Add lines **25** through **31**			32.	52,147.
33	**Subtract line 32 from line 24.** This is your **New York adjusted gross income**			33.	2,887,678.

Standard deduction or itemized deduction

34	Enter your **standard deduction** *(from the table below)* **or** your **itemized deduction** *(from the worksheet below)*. Mark an *X* in the appropriate box: • **Standard** ... **or** ... • X **Itemized**	34.	475,333.
35	Subtract line 34 from line 33 *(if line 34 is more than line 33, leave blank)*	35.	2,412,345.
36	Dependent exemptions	36.	
37	Subtract line 36 from line 35. This is your **taxable income**	37.	2,412,345.

or

New York State standard deduction table

Filing status *(from page 1)*	**Standard deduction** *(enter on line 34 above)*
1 Single and you marked item C on page 1 *Yes*	$ 3,000
1 Single and you marked item C on page 1 *No*	7,500
2 Married filing joint return	15,000
3 Married filing separate return	7,500
4 Head of household (with qualifying person)	10,500
5 Qualifying widow(er) with dependent child	15,000

New York State itemized deduction worksheet

a	Medical and dental expenses *(from federal Schedule A, line 4)*	a.	
b	Taxes you paid *(from federal Schedule A, line 9)*	b.	155,805.
c	Interest you paid *(from federal Schedule A, line 15)*	c.	107,407.
d	Gifts to charity *(from federal Schedule A, line 19)*	d.	29,546.
e	Casualty and theft losses *(from federal Schedule A, line 20)*	e.	
f	Job expenses and most other miscellaneous deductions *(from federal Schedule A, line 27)*	f.	
g	Other miscellaneous deductions *(from federal Schedule A, line 28)*	g.	775,397.
h	**Enter amount from federal Schedule A, line 29**	h.	1,040,369.
i	State, local, and foreign **income** taxes and other subtraction adjustments STATEMENT 4	i.	89,702.
j	Subtract line i from line h	j.	950,667.
k	**Addition adjustments**	k.	
l	Add lines j and k	l.	950,667.
m	Itemized deduction adjustment	m.	475,334.
n	Subtract line m from line l	n.	475,333.
o	College tuition itemized deduction *(see Form IT-272)*	o.	
p	**Add lines n and o.** This is your **New York State itemized deduction; enter on line 34 above**	p.	475,333.

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You must file all five pages of this original scannable amended return with the Tax Department.

Name(s) as shown on page 1: PHILIP AND ELISABETH PALMEDO

Enter your social security number: REDACTED

Tax computation, credits, and other taxes

				Dollars
38	Enter the amount from **line 37** on page 2. This is your **taxable income**		38.	2,412,345.
39	New York State tax on **line 38** amount		39.	165,246.
40	New York State household credit	40.		
41	Resident credit *(attach Form IT-112-R or IT-112-C, or both)*	41.		
42	Other New York State nonrefundable credits *(from Form IT-201-ATT, line 7; attach form)*	42.		
43	Add lines 40, 41, and 42		43.	
44	Subtract line 43 from line 39 *(if line 43 is more than line 39, leave blank)*		44.	165,246.
45	Net other New York State taxes *(from Form IT-201-ATT, line 30; attach form)*		45.	
46	**Add lines 44 and 45.** This is the total of your **New York State taxes**		46.	165,246.

New York City and Yonkers taxes, credits, and tax surcharges

New York City (NYC) and Yonkers residents only.

47	New York City resident tax on **line 38** amount	47.		
48	New York City household credit	48.		
49	Subtract line 48 from line 47 *(if line 48 is more than line 47, leave blank)*	49.		
50	Part-year New York City resident tax *(attach Form IT-360.1)*	50.		
51	Other New York City taxes *(from Form IT-201-ATT, line 34, attach form)*	51.		
52	Add lines 49, 50, and 51	52.		
53	NY City nonrefundable credits *(from Form IT-201-ATT, line 10; attach form)*	53.		
54	Subtract line 53 from line 52 *(if line 53 is more than line 52, leave blank)*	54.		
55	Yonkers resident income tax surcharge	55.		
56	Yonkers **nonresident** earnings tax (attach Form Y-203)	56.		
57	Part-year Yonkers resident income tax surcharge *(attach Form IT-360.1)*	57.		
58	**Add lines 54 through 57.** This is the total of your **New York City and Yonkers taxes/surcharges**		58.	
59	Sales or use tax **as reported on your original return** *(see instructions)* **Do not leave line 59 blank**		59.	0.

Voluntary contributions as reported on your original return *(or as adjusted by the Tax Dept; see instructions)*

60a	Return a Gift to Wildlife	60a.		
60b	Missing/Exploited Children Fund	60b.		
60c	Breast Cancer Research Fund	60c.		
60d	Alzheimer's Fund	60d.		
60e	Olympic Fund *($2 or $4)*	60e.		
60f	Prostate Cancer Research Fund	60f.		
60g	National 9/11 Memorial	60g.		
60	**Total voluntary contributions as reported on your original return** (or as adjusted by the Tax Department; *see instructions*)		60.	
61	**Add lines 46, 58, 59, and 60.** This is your total **New York State, New York City, and Yonkers taxes, sales or use tax, and voluntary contributions**		61.	165,246.

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Form **IT-201-X** (2008) **Page 4** of 5 Enter your social security number REDACTED PHILIP AND ELISABETH PALMEDO

62	Enter the amount from **line 61** on page 3. This is your total **New York State, New York City, and Yonkers taxes, sales or use tax, and voluntary contributions**		62.	165,246.

Payments and refundable credits

63	Empire State child credit *(attach Form IT-213)*	63.			
64	NYS/NYC Child and dependent care credit *(attach Form IT-216)*	64.			
65	NY State earned income credit (EIC) *(attach Form IT-215 or IT-209)*	65.			
66	NY State noncustodial parent EIC *(attach Form IT-209)*	66.			
67	Real property tax credit *(attach Form IT-214)*	67.			
68	College tuition credit *(attach Form IT-272)*	68.			
69	NY City school tax credit *(also complete F on page 1)*	69.			
70	NY City earned income credit *(attach Form IT-215 or IT-209)*	70.			
71	Other refundable credits *(from Form IT-201-ATT, line 18; attach form)*	71.			
72	Total **New York State** tax withheld	72.	2,400.		
73	Total **New York City** tax withheld	73.			
74	Total **Yonkers** tax withheld	74.			
75	Total estimated tax payments/Amount paid with Form IT-370	75.	303,000.		
76	Amount paid with original return, plus additional tax paid after your original return was filed *(see instructions)*	76.			
77	**Add lines 63 through 76.** This is the total of your **payments**			77.	305,400.
78	**Overpayment**, if any, as shown on original return or previously adjusted by NY State *(see instructions)*			78.	114,137.
78a	Amount from original **Form IT-201, line 79** *(see instructions)*	78a.	112,178.		
79	Subtract line 78 from line 77			79.	191,263.

Forms IT-2 and/or IT-1099-R must be completed and attached to your amended return instead of federal Forms W-2 and/or 1099-R. Staple them to the back of page 5.

Important: All credit claim forms or other applicable forms that you submitted with your original return (see instructions) must also be completed and attached to the back of page 5.

Your refund

80 If line 79 is **more than** line 62, subtract line 62 from line 79. Complete line 82 ..... **Refund** 80. 26,017.

Amount you owe

81 If line 79 is **less than** line 62, subtract line 79 from line 62 *(see instructions)* ..... **Owe** 81.

Direct Deposit

82 Mark an *X* in the box • Refund – Direct Deposit

82a Routing number:

82b Account number:

82c Account type: • Checking Savings

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Name(s) as shown on page 1 ▼ Enter your social security number Form **IT-201-X** (2008) **Page 5** of 5

PALMEDO, PHILIP AND ELISABETH REDACTED

83 Reason(s) for amending your return *Mark an X in all applicable boxes; see instructions.*

83a Federal audit change *(complete lines 84 through 91 below)* ..... **83b** Worthless stock/securities .....

83c Claim of right ..... **83d** Wages ..... **83e** Military .....

83f Court ruling ..... **83g** Workers' compensation ..... **83h** Treaties/visa .....

83i Voluntary compliance initiative ..... **83j** Credit claim .....

83k Other ..... *(Explain)*

83l To report adjustments to partnership or S corporation income, gain, loss or deduction, provide the following information:

Partnership S corporation

Name of partnership or S corporation Identifying number Principal business activity

Address of partnership or S corporation

⚠ **If you marked an *X* in box 83a above, you must complete lines 84 through 91 below. All others may skip lines 84 through 91 and go directly to the *Third-party designee* question. You must sign your amended return below.**

84 Enter the date *(mm-dd-yyyy)* of the final federal determination ...

(Explain)

85 Do you concede the federal audit changes? *(if No, explain below)* ..... Yes No

86 List federal changes **Dollars**

86a **86a.**

86b **86b.**

86c **86c.**

86d **86d.**

86e **86e.**

87 Net federal changes (increase or decrease) ..... **87.**

88 Federal taxable income *(mark an X in one box)* ..... Per return Previously adjusted **88.**

89 Corrected federal taxable income ..... **89.**

90 Federal credits disallowed ..... Earned income credit Amount disallowed

Child care credit Amount disallowed

91 Federal penalties assessed

91a Fraud ..... **91b** Negligence ..... **91c** Other *(explain below)* .....

Third-party designee? *(see instrs)* Print designee's name Designee's phone number Personal identification number (PIN)

MICHAEL R. REEVES, CPA 631-751-5225

Yes X **No** E-mail: 13195

▼ **Paid preparer's use only** ▼ ▼ **Taxpayer(s) sign here** ▼

Preparer's signature REDACTED Your signature

MICHAEL R. REEVES, CPA Your occupation • CONSULTANT

Firm's name *(or yours, if self-employed)* • Employer identification number Spouse's signature and occupation *(if joint return)*

ALBANESE SINI & REEVES, LLP REDACTED

Address Mark an X if self employed H/W

348 MAIN ST Date ▼ Daytime phone number

SETAUKET, NY 11733-3800 Date

E-mail: E-mail:

Mail your completed amended return and any attachments to:
STATE PROCESSING CENTER, PO BOX 61000, ALBANY NY 12261-0001.
For information about Private delivery services, see instructions.

You must file all five pages of this original scannable amended return with the Tax Department. NYIA1505L 01/22/09

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